

## TRADEMARK ASSIGNMENT

Electronic Version v1.1  
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
LED Medical Diagnostics Inc.		09/21/2012	CORPORATION: CANADA
RECEIVING PARTY DATA			
Name:	Henry Schein, Inc.		
Street Address:	135 Duryea Road		
City:	Melville		
State/Country:	NEW YORK		
Postal Code:	11747		
Entity Type:	CORPORATION: DELAWARE		
PROPERTY NUMBERS Total: 2			
Property Type	Number	Word Mark	
Registration Number:	3169666	VELSCOPE	
Registration Number:	4013550	VELSCOPE VX	
CORRESPONDENCE DATA			
Fax Number:	2122261995		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>			
Email:	dmorales@yeellp.com		
Correspondent Name:	Derek Morales		
Address Line 1:	161 Avenue of the Americas		
Address Line 4:	New York, NEW YORK 10013		
ATTORNEY DOCKET NUMBER:	1004		
NAME OF SUBMITTER:	Derek Morales		
Signature:	/DM/		
Date:	11/06/2012		

TRADEMARK

[illegible]

**TRADEMARK**

## **GENERAL SECURITY AGREEMENT**

This General Security Agreement is made as of September 21, 2012

**TO:** Name: Henry Schein, Inc.  
Address: 135 Duryea Road, Melville, New York, 11747  
Attention: General Counsel  
Facsimile: (631) 843-5660

### **RECITALS:**

A. **LED MEDICAL DIAGNOSTICS INC.** (the "**Debtor**") is, or may become, indebted or liable to **HENRY SCHEIN, INC.** (the "**Creditor**") pursuant to the terms of a termination agreement dated as of September 21, 2012 (as amended, supplemented, restated or replaced from time to time, the "**Termination Agreement**") or otherwise.

B. To secure the payment and performance of the Secured Liabilities, the Debtor has agreed to grant to the Creditor the Security Interests with respect to the Collateral in accordance with the terms of this Agreement.

For good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Creditor as follows:

1. **Definitions.** In this Agreement capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to them in the Termination Agreement, and the following terms have the following meanings:

"Accessions", "Account", "Chattel Paper", "Certificated Security", "Consumer Goods", "Document of Title", "Equipment", "Futures Account", "Futures Contract", "Futures Intermediary", "Goods", "Instrument", "Intangible", "Inventory", "Investment Property", "Money", "Proceeds", "Securities Account", "Securities Intermediary", "Security", "Security Certificate", "Security Entitlement", and "Uncertificated Security" have the meanings given to them in the PPSA.

"Agreement" means this agreement, including the Schedules and recitals to this agreement, as it or they may be amended, supplemented, restated or replaced from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular section or other portion of this Agreement.

"Bank of Canada Rate" means the per annum rate of interest quoted from time to time by the Bank of Canada as the minimum per annum rate of interest charged by the Bank of Canada for short term advances made by the Bank of Canada to members of the Canadian Payments Association.

"Books and Records" means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Personal

Property of the Debtor which are at any time owned by the Debtor or to which the Debtor (or any Person on the Debtor's behalf) has access.

**"Business Day"** means any day other than a Saturday, Sunday or statutory holiday in the Province referred to in the "Governing Law" section of this Agreement.

**"Collateral"** means all of the present and future:

- (a) undertaking;
- (b) Personal Property (including any Personal Property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time provide to the Creditor in connection with this Agreement); and
- (c) real property (including any real property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Debtor may from time to time provide to the Creditor in connection with this Agreement and including all fixtures, improvements, buildings and other structures placed, installed or erected from time to time on any such real property),

of the Debtor, including Books and Records, Contracts, Intellectual Property Rights and Permits, and including all such property in which the Debtor now or in the future has any right, title or interest whatsoever, whether owned, leased, licensed, possessed or otherwise held by the Debtor, and all Proceeds of any of the foregoing, wherever located.

**"Contracts"** means all contracts and agreements to which the Debtor is at any time a party or pursuant to which the Debtor has at any time acquired rights, and includes (i) all rights of the Debtor to receive money due and to become due to it in connection with a contract or agreement, (ii) all rights of the Debtor to damages arising out of, or for breach or default with respect to, a contract or agreement, and (iii) all rights of the Debtor to perform and exercise all remedies in connection with a contract or agreement.

**"Control"** means, with respect to a particular Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise. **"Controlled"** has the corresponding meaning.

**"Creditor"** has the meaning set out in the recitals hereto.

**"Debtor"** has the meaning set out in the recitals hereto.

**"Event of Default"** means the occurrence of any of the following events or conditions:

- (a) the Debtor does not pay any of the Secured Liabilities when due;

- (b) the Debtor does not observe or perform any of the Debtor's obligations under this Agreement or any other agreement or document existing at any time between the Debtor and the Creditor;
- (c) any representation, warranty or statement made by or on behalf of the Debtor to the Creditor, in this Agreement or otherwise, is untrue in any material respect when made;
- (d) the Debtor ceases or threatens to cease to carry on in the normal course all or any material part of the Debtor's business;
- (e) if there is, in the Creditor's opinion, acting reasonably, a change in effective control of, or a sale of substantially all of the assets of, either the Debtor or LED Dental Inc.;
- (f) the Debtor becomes insolvent or bankrupt, or makes or files a proposal, a notice of intention to make a proposal or an assignment for the benefit of creditors under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors Arrangement Act* (Canada) or other comparable legislation in Canada or any other jurisdiction; a petition in bankruptcy is filed against the Debtor; or, if the Debtor is a corporation, proceedings are initiated under any legislation by or against the Debtor seeking its liquidation, winding-up, dissolution or reorganization or any arrangement or composition of its debts;
- (g) a Receiver, trustee, custodian or other similar official is appointed with respect to the Debtor or any of the Collateral;
- (h) any Person holding a Lien with respect to any part of the Collateral takes possession of all or any material part of the Collateral, or a distress, execution or other similar process is levied against all or any material part of the Collateral;
- (i) the Debtor challenges or threatens to challenge the validity or enforceability of this Agreement or the Security Interests; or
- (j) the Creditor, acting in good faith and upon commercially reasonable grounds, believes that the prospect of payment or performance of any of the Secured Liabilities is or is about to be impaired or that all or any material part of the Collateral is or is about to be placed in jeopardy.

**"Governmental Authority"** means the government of Canada, any other nation or any political subdivision thereof, whether provincial, state, territorial or local, and any agency, authority, instrumentality, regulatory body, court, central bank, fiscal or monetary authority or other authority regulating financial institutions, and any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including the Bank Committee on Banking Regulation and Supervisory Practices of the Bank of International Settlements.

**"Intellectual Property Rights"** means all industrial and intellectual property rights of the Debtor or in which the Debtor has any right, title or interest, including copyrights, patents, inventions (whether or not patented), trade-marks, get-up and trade dress, industrial designs, integrated circuit topographies, plant breeders' rights, know how and trade secrets, registrations and applications for registration for any such industrial and intellectual property rights, and all Contracts related to any such industrial and intellectual property rights.

**"Issuer"** has the meaning given to that term in the STA.

**"Laws"** means all federal, provincial, municipal, foreign and international statutes, acts, codes, ordinances, decrees, treaties, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards or any provisions of the foregoing, including general principles of common and civil law and equity, and all policies, practices and guidelines of any Governmental Authority binding on or affecting the Person referred to in the context in which such word is used (including, in the case of tax matters, any accepted practice or application or official interpretation of any relevant taxation authority); and **"Law"** means any one or more of the foregoing.

**"Lien"** means, (a) with respect to any asset, any mortgage, deed of trust, lien, pledge, hypothec (whether movable or immovable), hypothecation, encumbrance, charge, security interest, royalty interest, adverse claim, defect to title or right of set off in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease, title retention agreement or consignment agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to any asset, (c) any purchase option, call or similar right of a third party with respect to such asset, (d) any netting arrangement, defeasance arrangement or reciprocal fee arrangement, and (e) any other arrangement having the effect of providing security.

**"Organizational Documents"** means, with respect to any Person, such Person's articles or other charter documents, by-laws, unanimous shareholder agreement, partnership agreement or trust agreement, as applicable, and any and all other similar agreements, documents and instruments relative to such Person.

**"Permits"** means all permits, licences, waivers, exemptions, consents, certificates, authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Debtor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business.

**"Permitted Liens"** means the Security Interests and all other Liens permitted in writing by the Creditor.

**"Person"** includes any natural person, corporation, company, limited liability company, unlimited liability company, trust, joint venture, association, incorporated organization, partnership, Governmental Authority or other entity.

**"Personal Property"** means personal property and includes Accounts, Chattel Paper, Documents of Title, Equipment, Goods, Instruments, Intangibles, Inventory, Investment Property and Money.

**"Pledged Certificated Securities"** means any and all Collateral that is a Certificated Security.

**"Pledged Futures Contracts"** means any and all Collateral that is a Futures Contract.

**"Pledged Futures Accounts"** means any and all Collateral that is a Futures Account.

**"Pledged Futures Intermediary"** means, at any time, any Person which is at such time a Futures Intermediary at which a Pledged Futures Account is maintained.

**"Pledged Futures Intermediary's Jurisdiction"** means, with respect to any Pledged Futures Intermediary, its jurisdiction as determined under section 7.1(4) of the PPSA.

**"Pledged Issuer"** means, at any time, any Person which is an Issuer of, or with respect to, any Pledged Shares at such time.

**"Pledged Issuer's Jurisdiction"** means, with respect to any Pledged Issuer, its jurisdiction as determined under section 44 of the STA.

**"Pledged Securities"** means any and all Collateral that is a Security.

**"Pledged Securities Accounts"** means any and all Collateral that is a Securities Account.

**"Pledged Securities Intermediary"** means, at any time, any Person which is at such time a Securities Intermediary at which a Pledged Securities Account is maintained.

**"Pledged Securities Intermediary's Jurisdiction"** means, with respect to any Pledged Securities Intermediary, its jurisdiction as determined under section 45(2) of the STA.

**"Pledged Security Certificates"** means any and all Security Certificates representing the Pledged Certificated Securities.

**"Pledged Security Entitlements"** means any and all Collateral that is a Security Entitlement.

**"Pledged Shares"** means all Pledged Securities and Pledged Security Entitlements.

**"Pledged Uncertificated Securities"** means any and all Collateral that is an Uncertificated Security.

**"PPSA"** means the *Personal Property Security Act* (British Columbia), as such legislation may be amended, renamed or replaced from time to time, and includes all regulations from time to time made under such legislation.

**"Receiver"** means a receiver, a manager or a receiver and manager.

**"Release Date"** means the date on which all the Secured Liabilities have been indefeasibly paid and discharged in full and the Creditor has no further obligations to the Debtor under the Termination Agreement pursuant to which further Secured Liabilities might arise.

**"Secured Liabilities"** means all present and future indebtedness, liabilities and obligations of any and every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Debtor to the Creditor under the Termination Agreement and any unpaid balance thereof.

**"Security Interests"** means the Liens created by the Debtor in favour of the Creditor under this Agreement.

**"STA"** means the *Securities Transfer Act* (British Columbia), as such legislation may be amended, renamed or replaced from time to time, and includes all regulations from time to time made under such legislation.

**"Subsidiary"** means, with respect to any Person (the "parent") at any date, any other Person (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent.

**"ULC"** means an Issuer that is an unlimited company, unlimited liability corporation or unlimited liability company.

**"ULC Laws"** means the *Companies Act* (Nova Scotia), the *Business Corporations Act* (Alberta), the *Business Corporations Act* (British Columbia), and any other present or future Laws governing ULCs.

**"ULC Shares"** means shares or other equity interests in the capital stock of a ULC.

2. **Grant of Security Interests.** As general and continuing collateral security for the due payment and performance of the Secured Liabilities, the Debtor pledges, mortgages, charges and assigns (by way of security) to the Creditor, and grants to the Creditor a valid and perfected security interest in, the Collateral.

3. **Limitations on Grant of Security Interests.** If the grant of the Security Interests with respect to any Contract, Intellectual Property Right or Permit under Section 2 would result in the termination or breach of such Contract, Intellectual Property Right or Permit or is otherwise prohibited or ineffective (whether by the terms thereof or under applicable Law), then such Contract, Intellectual Property Right or Permit shall not be subject to the Security Interests but shall be held in trust by the Debtor for the benefit of the Creditor and, on the exercise by the Creditor of any of its rights or remedies under this Agreement following an Event of Default shall be assigned by the Debtor as directed by the Creditor; provided that: (a) the Security Interests shall attach to such Contract, Intellectual Property Right or Permit, or applicable portion



thereof, immediately at such time as the condition causing such termination or breach is remedied, and (b) if a term in a Contract that prohibits or restricts the grant of the Security Interests in the whole of an Account or Chattel Paper forming part of the Collateral is unenforceable against the Creditor under applicable Law, then the exclusion from the Security Interests set out above shall not apply to such Account or Chattel Paper. In addition, the Security Interests do not attach to Consumer Goods or extend to the last day of the term of any lease or agreement for lease of real property. Such last day shall be held by the Debtor in trust for the Creditor and, on the exercise by the Creditor of any of its rights or remedies under this Agreement following an Event of Default, shall be assigned by the Debtor as directed by the Creditor. For greater certainty, no Intellectual Property Right in any trade-mark, get-up or trade dress is presently assigned to the Creditor by sole virtue of the grant of the Security Interests contained in Section 2.

4. **Attachment; No Obligation to Advance.** The Debtor confirms that value has been given by the Creditor to the Debtor, that the Debtor has rights in the Collateral existing at the date of this Agreement and that the Debtor and the Creditor have not agreed to postpone the time for attachment of the Security Interests to any of the Collateral. The Security Interests shall have effect and be deemed to be effective whether or not the Secured Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution and delivery of this Agreement nor the provision of any financial accommodation by the Creditor shall oblige the Creditor to make any financial accommodation or further financial accommodation available to the Debtor or any other Person.

5. **Representations and Warranties.** The Debtor represents and warrants to the Creditor that, as of the date of this Agreement:

- (a) **Debtor Information.** All of the information set out in Schedule A is accurate and complete.
- (b) **Title; No Other Security Interests.** Except for Permitted Liens, the Debtor owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Liens. The Debtor is the record and beneficial owner of the Pledged Shares. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Liens.
- (c) **Amount of Accounts.** The amount represented by the Debtor to the Creditor from time to time as owing by each account debtor or by all account debtors with respect to its Accounts will at such time be the correct amount so owing by such account debtor or debtors and, unless disclosed in writing by the Debtor to the Creditor at that time, will be owed free of any dispute, set-off or counterclaim. Except as disclosed in writing by the Debtor to the Creditor, neither the Debtor nor (to the best of the Debtor's knowledge) any other party to any Account of the Debtor or Contract is in default or is likely to become in default in the performance or observance of any of the terms of such Account or Contract where

such default is or could reasonably be expected to be materially adverse to the Debtor or the Creditor.

- (d) Authority. The Debtor has full power and authority to grant to the Creditor the Security Interests and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's Organizational Documents or any agreement, instrument or restriction to which the Debtor is a party or by which the Debtor or any of the Collateral is bound.
- (e) Consents. Except for any consent that has been obtained and is in full force and effect, no consent of any Person (including any counterparty with respect to any Contract, any account debtor with respect to any Account, or any Governmental Authority with respect to any Permit) is required, or is purported to be required, for the execution, delivery, performance and enforcement of this Agreement (this representation being given without reference to the exclusions contained in Section 3). For the purposes of complying with any transfer restrictions contained in the Organizational Documents of any Pledged Issuer, the Debtor hereby irrevocably consents to any transfer of the Pledged Securities of such Pledged Issuer.
- (f) Execution and Delivery. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar Laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.
- (g) No Consumer Goods. The Debtor does not own any Consumer Goods which are material in value or which are material to the business, operations, property, condition or prospects (financial or otherwise) of the Debtor.
- (h) Intellectual Property Rights. All registrations and applications for registration pertaining to any Intellectual Property Rights, all other material Intellectual Property Rights, and the nature of the Debtor's right, title or interest therein, are described in Schedule A to this Agreement. Each Intellectual Property Right is valid, subsisting, unexpired, enforceable, and has not been abandoned. In the case of copyright works, the Debtor has obtained full and irrevocable waivers of all moral rights or similar rights pertaining to such works. Except as set out in Schedule A to this Agreement, none of the Intellectual Property Rights have been licensed or franchised by the Debtor to any Person or, to the best of the Debtor's knowledge, infringed or otherwise misused by any Person. Except as set out in Schedule A to this Agreement, the exercise of any Intellectual Property Right, or any licensee or franchisee thereof, has not infringed or otherwise misused any

intellectual property right of any other Person, and the Debtor has not received and is not aware of any claim of such infringement or other misuse.

- (i) Partnerships, Limited Liability Companies. The terms of any interest in a partnership or limited liability company that is Collateral expressly provide that such interest is a "security" for the purposes of the STA.
- (j) Due Authorization. The Pledged Securities have been duly authorized and validly issued and are fully paid and non-assessable.
- (k) Warrants, Options, etc. There are no outstanding warrants, options or other rights to purchase, or other agreements outstanding with respect to, or property that is now or hereafter convertible into, or that requires the issuance or sale of, any Pledged Shares.
- (l) No Required Disposition. There is no existing agreement, option, right or privilege capable of becoming an agreement or option pursuant to which the Debtor would be required to sell, redeem or otherwise dispose of any Pledged Shares or under which any Pledged Issuer has any obligation to issue any Securities of such Pledged Issuer to any Person.

6. Survival of Representations and Warranties. All representations and warranties made by the Debtor in this Agreement (a) are material, (b) shall be considered to have been relied on by the Creditor, and (c) shall survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Creditor and any disposition or payment of the Secured Liabilities until the Release Date.

7. Covenants. The Debtor covenants and agrees with the Creditor that:

- (a) Further Documentation. The Debtor shall from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Creditor may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests). The Debtor acknowledges that this Agreement has been prepared based on the existing Laws in the Province referred to in the "Governing Law" section of this Agreement and that a change in such Laws, or the Laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Debtor agrees that the Creditor shall have the right to require that this Agreement be amended, supplemented, restated or replaced, and that the Debtor shall immediately on request by the Creditor authorize, execute and deliver any such amendment, supplement, restatement or replacement (i) to reflect any changes in such Laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if

the Debtor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Creditor Liens similar to, and having the same effect as, the Security Interests.

- (b) Maintenance of Records. The Debtor shall keep and maintain accurate and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the Accounts and Contracts. At the written request of the Creditor, the Debtor shall mark any Collateral specified by the Creditor to evidence the existence of the Security Interests.
- (c) Right of Inspection. The Creditor may, at all times during normal business hours, without charge, examine and make copies of all Books and Records, and may discuss the affairs, finances and accounts of the Debtor with its officers and accountants. The Creditor may also, without charge, enter the premises of the Debtor where any of the Collateral is located for the purpose of inspecting the Collateral, observing its use or otherwise protecting its interests in the Collateral. The Debtor, at its expense, shall provide the Creditor with such clerical and other assistance as may be reasonably requested by the Creditor to exercise any of its rights under this paragraph.
- (d) Limitations on Other Liens. The Debtor shall not create, incur or permit to exist, and shall defend the Collateral against, and shall take such other action as is necessary to remove, any and all Liens in and other claims affecting the Collateral, other than the Permitted Liens, and the Debtor shall defend the right, title and interest of the Creditor in and to the Collateral against the claims and demands of all Persons.
- (e) Limitations on Dispositions of Collateral. The Debtor shall not, without the Creditor's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that Inventory may be sold, leased or otherwise disposed of and, subject to the terms of this Agreement, Accounts may be collected, in either case in the ordinary course of the Debtor's business. Following an Event of Default, all Proceeds of the Collateral (including all amounts received with respect to Accounts) received by or on behalf of the Debtor, whether or not arising in the ordinary course of the Debtor's business, shall be received by the Debtor as trustee for the Creditor and shall be immediately paid to the Creditor.
- (f) Limitations on Modifications, Waivers, Extensions. Other than as not prohibited by paragraph (g) below, the Debtor shall not (i) amend, modify, terminate, permit to expire or waive any provision of any Permit, Contract or any document giving rise to an Account in any manner which is or could reasonably be expected to be materially adverse to the Debtor or the Creditor, or (ii) fail to exercise promptly and diligently its rights under each Contract and each document giving rise to an Account if such failure is or could reasonably be expected to be materially adverse to the Debtor or the Creditor.

- (g) Limitations on Discounts, Compromises, Extensions of Accounts. Other than in the ordinary course of business of the Debtor consistent with previous practices, the Debtor shall not (i) grant any extension of the time for payment of any Account, (ii) compromise, compound or settle any Account for less than its full amount, (iii) release, wholly or partially, any Person liable for the payment of any Account, or (iv) allow any credit or discount of any Account.
- (h) Maintenance of Collateral. The Debtor shall maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Debtor shall provide all maintenance, service and repairs necessary for such purpose. The Debtor shall maintain in good standing all registrations and applications with respect to the Intellectual Property Rights except to the extent that any failure to do so could not reasonably be expected to be materially adverse to the Debtor or the Creditor.
- (i) Insurance. The Debtor shall keep the Collateral insured with financially sound and reputable companies to its full insurable value against loss or damage by fire, explosion, theft and such other risks as are customarily insured against by Persons carrying on similar businesses or owning similar property within the vicinity in which the Debtor's applicable business or property is located. The applicable insurance policies shall be in form and substance satisfactory to the Creditor, and shall (i) contain a breach of warranty clause in favour of the Creditor, (ii) provide that no cancellation, material reduction in amount or material change in coverage will be effective until at least 30 days after receipt of written notice thereof by the Creditor, (iii) contain by way of endorsement a mortgagee clause in form and substance satisfactory to the Creditor, and (iv) name the Creditor as loss payee as its interest may appear. The Debtor shall, from time to time at the Creditor's request, deliver the applicable insurance policies (or satisfactory evidence of such policies) to the Creditor. If the Debtor does not obtain or maintain such insurance, the Creditor may, but need not, do so, in which event the Debtor shall immediately on demand reimburse the Creditor for all payments made by the Creditor in connection with obtaining and maintaining such insurance, and until reimbursed any such payment shall form part of the Secured Liabilities and shall be secured by the Security Interests. Neither the Creditor nor its correspondents or its agents shall be responsible for the character, adequacy, validity or genuineness of any insurance, the solvency of any insurer, or any other risk connected with insurance.
- (j) Further Identification of Collateral. The Debtor shall promptly furnish to the Creditor such statements and schedules further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Creditor may from time to time reasonably request, including an updated list of any motor vehicles or other "serial number" goods owned by the Debtor and classified as Equipment, including vehicle identification numbers.

- (k) Amalgamation, Merger or Consolidation. The Debtor shall not permit any Pledged Issuer to amalgamate, merge or consolidate unless all of the outstanding capital stock of the surviving or resulting corporation is, upon such amalgamation, merger or consolidation, pledged under this Agreement and no cash, securities or other property is distributed with respect to the outstanding shares of any other constituent corporation.
- (l) Agreements re Intellectual Property Rights. Promptly upon request from time to time by the Creditor, the Debtor shall authorize, execute and deliver any and all agreements, instruments, documents and papers that the Creditor may request to evidence the Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the business of the Debtor connected with the use of, and symbolized by, any such Intellectual Property Rights.
- (m) Instruments, Documents of Title, Chattel Paper. Promptly upon request from time to time by the Creditor, the Debtor shall deliver to the Creditor, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Creditor may reasonably request, any and all Instruments, Documents of Title and Chattel Paper included in or relating to the Collateral as the Creditor may specify in its request.
- (n) Pledged Certificated Securities. The Debtor shall deliver to the Creditor any and all Pledged Security Certificates and other materials as may be required from time to time to provide the Creditor with control over all Pledged Certificated Securities in the manner provided under section 23 of the STA. At the request of the Creditor, the Debtor shall cause all Pledged Security Certificates to be registered in the name of the Creditor or its nominee.
- (o) Pledged Uncertificated Securities. The Debtor shall deliver to the Creditor any and all such documents, agreements and other materials as may be required from time to time to provide the Creditor with control over all Pledged Uncertificated Securities in the manner provided under section 24 of the STA. For the purposes of section 27(1) of the STA, this Agreement shall constitute the Debtor's irrevocable consent to entry by a Pledged Issuer into an agreement of the kind referred to in clause 24(1)(b) of the STA.
- (p) Pledged Security Entitlements. The Debtor shall deliver to the Creditor any and all such documents, agreements and other materials as may be required from time to time to provide the Creditor with control over all Pledged Security Entitlements in the manner provided under section 25 or 26 of the STA.
- (q) Pledged Futures Contracts. The Debtor shall deliver to the Creditor any and all such documents, agreements and other materials as may be required from time to time to provide the Creditor with control over all Pledged Futures Contracts in the manner provided under subsection 1(2) of the PPSA.

- (r) Partnerships, Limited Liability Companies. The Debtor shall ensure that the terms of any interest in a partnership or limited liability company that is Collateral shall expressly provide that such interest is a "security" for the purposes of the STA.
- (s) Transfer Restrictions. If the constating documents of any Pledged Issuer (other than a ULC) restrict the transfer of the Securities of such Pledged Issuer, then the Debtor shall deliver to the Creditor a certified copy of a resolution of the directors, shareholders, unitholders or partners of such Pledged Issuer, as applicable, consenting to the transfer(s) contemplated by this Agreement, including any prospective transfer of the Collateral by the Creditor upon a realization on the Security Interests.
- (t) Notices. The Debtor shall advise the Creditor promptly, in reasonable detail, of any:
  - (i) change to a Pledged Securities Intermediary's Jurisdiction, Pledged Issuer's Jurisdiction, or Pledged Future Intermediary's Jurisdiction;
  - (ii) change in the location of the jurisdiction of incorporation or amalgamation, chief executive office or domicile of the Debtor;
  - (iii) change in the name of the Debtor;
  - (iv) merger, consolidation or amalgamation of the Debtor with any other Person;
  - (v) additional jurisdiction in which the Debtor carries on business or has tangible Personal Property;
  - (vi) additional jurisdiction in which material account debtors of the Debtor are located;
  - (vii) acquisition of any right, title or interest in real property by the Debtor;
  - (viii) acquisition of any Intellectual Property Rights which are the subject of a registration or application with any governmental intellectual property or other governing body or registry, or which are material to the Debtor's business;
  - (ix) acquisition of any Instrument, Document of Title or Chattel Paper;
  - (x) creation or acquisition of any Subsidiary of the Debtor;
  - (xi) Lien (other than Permitted Liens) on, or claim asserted against, any of the Collateral; or

- (xii) occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests.

The Debtor shall not effect or permit any of the changes referred to in clauses (ii) through (viii) above unless all filings have been made and all other actions taken that are required in order for the Creditor to continue at all times following such change to have a valid and perfected first priority Security Interest with respect to all of the Collateral.

- (u) US Patents. The Debtor acknowledges that each of the U.S. Patent number 6,110,106, issued August 29, 2000 and entitled Endoscope and Methods Relating to Direct Viewing of Target Tissue and the U.S. Patent number 6,021,344, issued February 1, 2000 and entitled Fluorescence Scope System for Dermatologic Diagnosis (each, a "U.S. Patent" and collectively, the "U.S. Patents") are currently incorrectly recorded at the U.S. Patent and Trademark Office as being owned by Biomax Technologies, Inc. The Debtor shall, no later than 30 days after the date hereof, record with the United States Patent and Trademark Office such documents as are necessary to evidence clear chain of title from Biomax Technologies, Inc. to the Debtor. The Debtor further agrees to take such further actions, including executing such documents or filings as are necessary to effectuate such clear chain of title with respect to the US Patents.

8. Voting Rights. Unless an Event of Default has occurred and is continuing, the Debtor shall be entitled to exercise all voting power from time to time exercisable with respect to the Pledged Shares and give consents, waivers and ratifications with respect thereto; provided, however, that no vote shall be cast or consent, waiver or ratification given or action taken which would be, or would have a reasonable likelihood of being, prejudicial to the interests of the Creditor or which would have the effect of reducing the value of the Collateral as security for the Secured Liabilities or imposing any restriction on the transferability of any of the Collateral. Unless an Event of Default has occurred and is continuing, the Creditor shall, from time to time at the request and expense of the Debtor, execute or cause to be executed, with respect to all Pledged Securities that are registered in the name of the Creditor or its nominee, valid proxies appointing the Debtor as its (or its nominee's) proxy to attend, vote and act for and on behalf of the Creditor or such nominee, as the case may be, at any and all meetings of the applicable Pledged Issuer's shareholders or debt holders, all Pledged Securities that are registered in the name of the Creditor or such nominee, as the case may be, and to execute and deliver, consent to or approve or disapprove of or withhold consent to any resolutions in writing of shareholders or debt holders of the applicable Pledged Issuer for and on behalf of the Creditor or such nominee, as the case may be. Immediately upon the occurrence and during the continuance of any Event of Default, all such rights of the Debtor to vote and give consents, waivers and ratifications shall cease and the Creditor or its nominee shall be entitled to exercise all such voting rights and to give all such consents, waivers and ratifications.

9. Dividends; Interest. Unless an Event of Default has occurred and is continuing, the Debtor shall be entitled to receive any and all cash dividends, interest, principal payments and

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*LED Medical Diagnostics Inc.  
General Security Agreement*

**TRADEMARK**  
**REEL: 004894 FRAME: 0569**



other forms of cash distribution on the Pledged Shares which it is otherwise entitled to receive, but any and all stock and/or liquidating dividends, distributions of property, returns of capital or other distributions made on or with respect to the Pledged Shares, whether resulting from a subdivision, combination or reclassification of the outstanding capital stock of any Pledged Issuer or received in exchange for the Pledged Shares or any part thereof or as a result of any amalgamation, merger, consolidation, acquisition or other exchange of property to which any Pledged Issuer may be a party or otherwise, and any and all cash and other property received in exchange for any Pledged Shares shall be and become part of the Collateral subject to the Security Interests and, if received by the Debtor, shall forthwith be delivered to the Creditor or its nominee (accompanied, if appropriate, by proper instruments of assignment and/or stock powers of attorney executed by the Debtor in accordance with the Creditor's instructions) to be held subject to the terms of this Agreement; and if any of the Pledged Security Certificates have been registered in the name of the Creditor or its nominee, the Creditor shall execute and deliver (or cause to be executed and delivered) to the Debtor all such dividend orders and other instruments as the Debtor may request for the purpose of enabling the Debtor to receive the dividends, distributions or other payments which the Debtor is authorized to receive and retain pursuant to this Section. If an Event of Default has occurred and is continuing, all rights of the Debtor pursuant to this Section shall cease and the Creditor shall have the sole and exclusive right and authority to receive and retain the cash dividends, interest, principal payments and other forms of cash distribution which the Debtor would otherwise be authorized to retain pursuant to this Section. Any money and other property paid over to or received by the Creditor pursuant to the provisions of this Section shall be retained by the Creditor as additional Collateral hereunder and be applied in accordance with the provisions of this Agreement.

10. **Rights on Event of Default.** If an Event of Default has occurred and is continuing, then and in every such case all of the Secured Liabilities shall, at the option of the Creditor, become immediately due and payable and the Security Interests shall become enforceable and the Creditor, in addition to any rights now or hereafter existing under applicable Law may, personally or by agent, at such time or times as the Creditor in its discretion may determine, do any one or more of the following:

- (a) **Rights under PPSA, etc.** Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Creditor by contract, at law or in equity.
- (b) **Demand Possession.** Demand possession of any or all of the Collateral, in which event the Debtor shall, at the expense of the Debtor, immediately cause the Collateral designated by the Creditor to be assembled and made available and/or delivered to the Creditor at any place designated by the Creditor.
- (c) **Take Possession.** Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.
- (d) **Deal with Collateral.** Hold, store and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as

the Creditor may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person with respect to any of the Collateral.

- (e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.
- (f) Enforce Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Creditor deems advisable.
- (g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Creditor or elsewhere, with or without advertising or other formality, except as required by applicable Law, on such terms and conditions as the Creditor may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery.
- (h) Court-Approved Disposition of Collateral. Obtain from any court of competent jurisdiction an order for the sale or foreclosure of any or all of the Collateral.
- (i) Purchase by Creditor. At any public sale, and to the extent permitted by Law on any private sale, bid for and purchase any or all of the Collateral offered for sale and, upon compliance with the terms of such sale, hold, retain, sell or otherwise dispose of such Collateral without any further accountability to the Debtor or any other Person with respect to such holding, retention, sale or other disposition, except as required by Law. In any such sale to the Creditor, the Creditor may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for any or all of the Secured Liabilities then due and payable to it as a credit against the purchase price.
- (j) Collect Accounts. Notify (whether in its own name or in the name of the Debtor) the account debtors under any Accounts of the Debtor of the assignment of such Accounts to the Creditor and direct such account debtors to make payment of all amounts due or to become due to the Debtor with respect to such Accounts directly to the Creditor and, upon such notification and at the expense of the Debtor, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as the Creditor deems appropriate in the circumstances.
- (k) Transfer of Collateral. Transfer any Collateral that is Pledged Shares into the name of the Creditor or its nominee.

- (l) Voting. Vote any or all of the Pledged Shares (whether or not transferred to the Creditor or its nominee) and give or withhold all consents, waivers and ratifications with respect thereto and otherwise act with respect thereto as though it were the outright owner thereof.
- (m) Exercise Other Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Collateral that is Pledged Shares as if the Creditor were the absolute owner of such Pledged Shares.
- (n) Dealing with Contracts and Permits. Deal with any and all Contracts and Permits to the same extent as the Debtor might (including the enforcement, realization, sale, assignment, transfer, and requirement for continued performance), all on such terms and conditions and at such time or times as may seem advisable to the Creditor.
- (o) Payment of Liabilities. Pay any liability secured by any Lien against any Collateral. The Debtor shall immediately on demand reimburse the Creditor for all such payments and, until paid, any such reimbursement obligation shall form part of the Secured Liabilities and shall be secured by the Security Interests.
- (p) Borrow and Grant Liens. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor and grant Liens on any Collateral (in priority to the Security Interests or otherwise) as security for the money so borrowed. The Debtor shall immediately on demand reimburse the Creditor for all such borrowings and, until paid, any such reimbursement obligations shall form part of the Secured Liabilities and shall be secured by the Security Interests.
- (q) Appoint Receiver. Appoint by instrument in writing one or more Receivers of the Debtor or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Creditor under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable Law, any Receiver appointed by the Creditor shall (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Debtor and not of the Creditor.
- (r) Court-Appointed Receiver. Obtain from any court of competent jurisdiction an order for the appointment of a Receiver of the Debtor or of any or all of the Collateral.
- (s) Consultants. Require the Debtor to engage a consultant of the Creditor's choice, or engage a consultant on its own behalf, such consultant to receive the full cooperation and support of the Debtor and its agents and employees, including unrestricted access to the premises of the Debtor and the Books and Records; all reasonable fees and expenses of such consultant shall be for the account of the

Debtor and the Debtor hereby authorizes any such consultant to report directly to the Creditor and to disclose to the Creditor any and all information obtained in the course of such consultant's employment.

The Creditor may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable Law) to or on the Debtor or any other Person, and the Debtor hereby waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable Law. None of the above rights or remedies shall be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. The Debtor acknowledges and agrees that any action taken by the Creditor hereunder following the occurrence and during the continuance of an Event of Default shall not be rendered invalid or ineffective as a result of the curing of the Event of Default on which such action was based.

11. **Realization Standards.** To the extent that applicable Law imposes duties on the Creditor to exercise remedies in a commercially reasonable manner and without prejudice to the ability of the Creditor to dispose of the Collateral in any such manner, the Debtor acknowledges and agrees that it is not commercially unreasonable for the Creditor to (or not to) (a) incur expenses reasonably deemed significant by the Creditor to prepare the Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (b) fail to obtain third party consents for access to the Collateral to be disposed of, (c) fail to exercise collection remedies against account debtors or other Persons obligated on the Collateral or to remove Liens against the Collateral, (d) exercise collection remedies against account debtors and other Persons obligated on the Collateral directly or through the use of collection agencies and other collection specialists, (e) dispose of Collateral by way of public auction, public tender or private contract, with or without advertising and without any other formality, (f) contact other Persons, whether or not in the same business of the Debtor, for expressions of interest in acquiring all or any portion of the Collateral, (g) hire one or more professional auctioneers to assist in the disposition of the Collateral, whether or not the Collateral is of a specialized nature or an upset or reserve bid or price is established, (h) dispose of the Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets, (i) dispose of assets in wholesale rather than retail markets, (j) disclaim disposition warranties, such as title, possession or quiet enjoyment, (k) purchase insurance or credit enhancements to insure the Creditor against risks of loss, collection or disposition of the Collateral or to provide to the Creditor a guaranteed return from the collection or disposition of the Collateral, (l) to the extent deemed appropriate by the Creditor, obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Creditor in the collection or disposition of any of the Collateral, (m) dispose of Collateral in whole or in part, (n) dispose of Collateral to a customer of the Creditor, and (o) establish an upset or reserve bid price with respect to Collateral.

12. **Grant of Licence.** For the purpose of enabling the Creditor to exercise its rights and remedies under this Agreement when the Creditor is entitled to exercise such rights and

remedies, and for no other purpose, the Debtor grants to the Creditor an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same. For any trade-marks, get-up and trade dress and other business indicia, such licence includes an obligation on the part of the Creditor to maintain the standards of quality maintained by the Debtor or, in the case of trade-marks, get-up and trade dress or other business indicia licensed to the Debtor, the standards of quality imposed upon the Debtor by the relevant licence. For copyright works, such licence shall include the benefit of any waivers of moral rights and similar rights.

13. **Securities Laws.** The Creditor is authorized, in connection with any offer or sale of any Pledged Shares, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable Law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such Securities. In addition to and without limiting Section 11, the Debtor further agrees that compliance with any such limitation or restriction shall not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Creditor shall not be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Pledged Shares are sold in compliance with any such limitation or restriction. If the Creditor chooses to exercise its right to sell any or all Pledged Shares, upon written request, the Debtor shall cause each applicable Pledged Issuer to furnish to the Creditor all such information as the Creditor may request in order to determine the number of shares and other instruments included in the Collateral which may be sold by the Creditor in exempt transactions under any Laws governing securities, and the rules and regulations of any applicable securities regulatory body thereunder, as the same are from time to time in effect.

14. **ULC Shares.** The Debtor acknowledges that certain of the Collateral may now or in the future consist of ULC Shares, and that it is the intention of the Creditor and the Debtor that the Creditor should not under any circumstances prior to realization thereon be held to be a "member" or a "shareholder", as applicable, of a ULC for the purposes of any ULC Laws. Therefore, notwithstanding any provisions to the contrary contained in this Agreement or the Termination Agreement, where the Debtor is the registered owner of ULC Shares which are Collateral, the Debtor shall remain the sole registered owner of such ULC Shares until such time as such ULC Shares are effectively transferred into the name of the Creditor or any other Person on the books and records of the applicable ULC. Accordingly, the Debtor shall be entitled to receive and retain for its own account any dividend on or other distribution, if any, with respect to such ULC Shares (except for any dividend or distribution comprised of Pledged Security Certificates, which shall be delivered to the Creditor to hold hereunder) and shall have the right to vote such ULC Shares and to control the direction, management and policies of the applicable ULC to the same extent as the Debtor would if such ULC Shares were not pledged to the

Creditor pursuant hereto. Nothing in this Agreement or the Termination Agreement is intended to, and nothing in this Agreement or the Termination Agreement shall, constitute the Creditor or any Person other than the Debtor, a member or shareholder of a ULC for the purposes of any ULC Laws (whether listed or unlisted, registered or beneficial), until such time as notice is given to the Debtor and further steps are taken pursuant hereto or thereto so as to register the Creditor or such other Person, as specified in such notice, as the holder of the ULC Shares. To the extent any provision hereof would have the effect of constituting the Creditor as a member or a shareholder, as applicable, of any ULC prior to such time, such provision shall be severed herefrom and shall be ineffective with respect to ULC Shares which are Collateral without otherwise invalidating or rendering unenforceable this Agreement or invalidating or rendering unenforceable such provision insofar as it relates to Collateral which is not ULC Shares. Except upon the exercise of rights of the Creditor to sell, transfer or otherwise dispose of ULC Shares in accordance with this Agreement, the Debtor shall not cause or permit, or enable a Pledged Issuer that is a ULC to cause or permit, the Creditor to: (a) be registered as a shareholder or member of such Pledged Issuer; (b) have any notation entered in their favour in the share register of such Pledged Issuer; (c) be held out as shareholders or members of such Pledged Issuer; (d) receive, directly or indirectly, any dividends, property or other distributions from such Pledged Issuer by reason of the Creditor holding the Security Interests over the ULC Shares; or (e) act as a shareholder of such Pledged Issuer, or exercise any rights of a shareholder including the right to attend a meeting of shareholders of such Pledged Issuer or to vote its ULC Shares.

15. **Application of Proceeds.** All Proceeds of Collateral received by the Creditor or a Receiver may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Creditor's rights under this Agreement), Liens on the Collateral in favour of Persons other than the Creditor, borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by the Creditor or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Liens on the Collateral ranking in priority to any of the Security Interests, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds may, at the sole discretion of the Creditor, be held as collateral security for the Secured Liabilities or be applied to such of the Secured Liabilities (whether or not the same are due and payable) in such manner and at such times as the Creditor considers appropriate and thereafter shall be accounted for as required by Law.

16. **Continuing Liability of Debtor.** The Debtor shall remain liable for any Secured Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

17. **Creditor's Appointment as Attorney-in-Fact.** Effective upon the occurrence and during the continuance of an Event of Default, the Debtor constitutes and appoints the Creditor and any officer or agent of the Creditor, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Creditor's discretion, to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney, may be necessary or desirable to accomplish the purposes of this Agreement.

Without limiting the effect of this Section, the Debtor grants the Creditor an irrevocable proxy to vote the Pledged Shares and to exercise all other rights, powers, privileges and remedies to which a holder thereof would be entitled (including giving or withholding written consents of shareholders, calling special meetings of shareholders and voting at such meetings), which proxy shall be effective, automatically and without the necessity of any action (including any transfer of any Pledged Shares on the books and records of a Pledged Issuer or Pledged Securities Intermediary, as applicable), upon the occurrence of an Event of Default. These powers are coupled with an interest and are irrevocable until the Release Date. Nothing in this Section affects the right of the Creditor as secured party or any other Person on the Creditor's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification statements and other documents relating to the Collateral and this Agreement as the Creditor or such other Person considers appropriate. The Debtor hereby ratifies and confirms, and agrees to ratify and confirm, whatever lawful acts the Creditor or any of the Creditor's sub-agents, nominees or attorneys do or purport to do in exercise of the power of attorney granted to the Creditor pursuant to this Section.

18. **Performance by Creditor of Debtor's Obligations.** If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Creditor may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance shall not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Creditor incurred in connection with any such performance or compliance shall be payable by the Debtor to the Creditor immediately on demand, and until paid, any such expenses shall form part of the Secured Liabilities and shall be secured by the Security Interests.

19. **Interest.** If any amount payable by the Debtor to the Creditor under this Agreement is not paid when due, the Debtor shall pay to the Creditor, immediately on demand, interest on such amount from the date due until paid, at a nominal annual rate equal at all times to the Bank of Canada Rate plus 3%, which annual rate shall change automatically without notice to the Debtor as and when the Bank of Canada Rate changes. All amounts payable by the Debtor to the Creditor under this Agreement, and all interest on all such amounts, compounded monthly on the last Business Day of each month, shall form part of the Secured Liabilities and shall be secured by the Security Interests.

20. **Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

21. **Rights of Creditor; Limitations on Creditor's Obligations.**

- (a) **Limitations on Creditor's Liability.** The Creditor shall not be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against

prior parties). Neither the Creditor, a Receiver nor any agent of the Creditor (including, in Alberta or British Columbia, any sheriff) is required to take, or shall have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons under any Collateral in its possession. Neither the Creditor, any Receiver nor any agent of the Creditor shall be liable for any, and the Debtor shall bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Creditor, any Receiver or any agent of the Creditor) caused for any reason other than the gross negligence or wilful misconduct of the Creditor, such Receiver or such agent of the Creditor.

- (b) Debtor Remains Liable under Accounts and Contracts. Notwithstanding any provision of this Agreement, the Debtor shall remain liable under each of the documents giving rise to the Accounts of the Debtor and under each of the Contracts to observe and perform all the conditions and obligations to be observed and performed by the Debtor thereunder, all in accordance with the terms of each such document and Contract. The Creditor shall have no obligation or liability under any Account of the Debtor (or any document giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Creditor of any payment relating to such Account or Contract pursuant hereto, and in particular (but without limitation), the Creditor shall not be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any Account (or any document giving rise thereto) or under or pursuant to any Contract to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any document giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.
- (c) Collections on Accounts and Contracts. The Debtor shall be authorized to, at any time that an Event of Default is not continuing, collect its Accounts and payments under the Contracts in the normal course of the business of the Debtor and for the purpose of carrying on the same. If required by the Creditor at any time, any payments of Accounts or under Contracts, when collected by the Debtor, shall be forthwith (and, in any event, within two Business Days) deposited by the Debtor in the exact form received, duly endorsed by the Debtor to the Creditor if required, in a special collateral account maintained by the Creditor, and until so deposited, shall be held by the Debtor in trust for the Creditor, segregated from the other funds of the Debtor. All such amounts while held by the Creditor (or by the Debtor in trust for the Creditor) and all income with respect thereto shall continue to be collateral security for the Secured Liabilities and shall not constitute payment thereof until applied as hereinafter provided. If an Event of Default has occurred and is continuing, the Creditor may apply all or any part of the amounts on deposit in such special collateral account on account of the



Secured Liabilities in such order as the Creditor may elect. At the Creditor's request, the Debtor shall deliver to the Creditor any documents evidencing and relating to the agreements and transactions which gave rise to its Accounts and the Contracts, including all original orders, invoices and shipping receipts.

- (d) Analysis of Accounts. At any time and from time to time, the Creditor shall have the right to analyze and verify the Accounts of the Debtor in any manner and through any medium that it reasonably considers advisable, and the Debtor shall furnish all such assistance and information as the Creditor may require in connection therewith. At any time and from time to time, the Creditor may in its own name or in the name of others (including the Debtor) communicate with account debtors on the Accounts of the Debtor and parties to the Contracts to verify with them to its satisfaction the existence, status, amount and terms of any Account or any Contract. At any time and from time to time, upon the Creditor's reasonable request and at the expense of the Debtor, the Debtor shall furnish to the Creditor reports showing reconciliations, aging and test verifications of, and trial balances for, its Accounts.
- (e) Use of Agents. The Creditor may perform any of its rights or duties under this Agreement by or through agents and is entitled to retain counsel and to act in reliance on the advice of such counsel concerning all matters pertaining to its rights and duties under this Agreement.

22. Dealings by Creditor. The Creditor shall not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold with respect to the Secured Liabilities or any part thereof before realizing upon or otherwise dealing with the Collateral in such manner as the Creditor may consider desirable. The Creditor may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Creditor may see fit, all without prejudice to the Secured Liabilities or to the rights and remedies of the Creditor under this Agreement. The powers conferred on the Creditor under this Agreement are solely to protect the interests of the Creditor in the Collateral and shall not impose any duty upon the Creditor to exercise any such powers.

23. Communication. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be effectively given if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by facsimile transmission, e-mail or other similar means of electronic communication, in each case to the address, facsimile number or e-mail address of the Debtor or Creditor set out in this Agreement. Any communication so given shall be deemed to have been given and to have been received on the day of delivery if so delivered, or on the day of facsimile transmission or sending by other means of recorded electronic communication provided that such day is a Business Day and the communication is so delivered or sent prior to 4:30 p.m. (local time at the place of receipt). Otherwise, such communication shall be deemed to have been given and to have been received on the following Business Day. Any communication sent by mail shall be deemed to have been

given and to have been received on the fifth Business Day following mailing, provided that no disruption of postal service is in effect. The Debtor and the Creditor may from time to time change their respective addresses, facsimile numbers or e-mail addresses for notice by giving notice to the other in accordance with the provisions of this Section. The address, facsimile number and e-mail address of the Debtor are set out below:

Address:	<u>LED Medical Diagnostics Inc.</u>
	<u>235-5589 Byrne Road</u>
	<u>Burnaby BC V5J 3J1 Canada</u>
Attention:	<u>Peter Whitehead</u>
Facsimile:	<u>604-464-4612</u>
E-mail:	<u>peter.whitehead@leddental.com</u>

24. **Release of Information.** The Debtor authorizes the Creditor to provide a copy of this Agreement and such other information as may be requested of the Creditor (i) to the extent necessary to enforce the Creditor's rights, remedies and entitlements under this Agreement, (ii) to any assignee or prospective assignee of all or any part of the Secured Liabilities, and (iii) as required by applicable Law.

25. **Expenses; Indemnity; Waiver.**

- (a) The Debtor shall pay (i) all reasonable out-of-pocket expenses incurred by the Creditor, including the reasonable fees, charges and disbursements of counsel for the Creditor and all applicable taxes, in connection with the preparation and administration of this Agreement, (ii) all reasonable out-of-pocket expenses incurred by the Creditor, including the reasonable fees, charges and disbursements of counsel for the Creditor and applicable taxes, in connection with any amendments, modifications or waivers of the provisions hereof, and (iii) all out-of-pocket expenses incurred by the Creditor, including the fees, charges and disbursements of any counsel for the Creditor and all applicable taxes, in connection with the assessment, enforcement or protection of their rights in connection with this Agreement, including its rights under this Section, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations with respect to the Secured Liabilities.
- (b) The Debtor shall indemnify the Creditor against, and hold the Creditor harmless from, any and all losses, claims, cost recovery actions, damages, expenses and liabilities of whatsoever nature or kind and all reasonable out-of-pocket expenses and all applicable taxes to which the Creditor may become subject arising out of or in connection with (i) the execution or delivery of this Agreement and the performance by the Debtor of its obligations hereunder, (ii) any actual or prospective claim, litigation, investigation or proceeding relating to this Agreement or the Secured Liabilities, whether based on contract, tort or any other theory and regardless of whether the Creditor is a party thereto, (iii) any other

aspect of this Agreement, or (iv) the enforcement of the Creditor's rights hereunder and any related investigation, defence, preparation of defence, litigation and enquiries; provided that such indemnity shall not, as to the Creditor, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence (it being acknowledged that ordinary negligence does not necessarily constitute gross negligence) or wilful misconduct of or material breach of this Agreement by the Creditor.

- (c) The Debtor shall not assert, and hereby waives (to the fullest extent permitted by applicable Law), (i) any claim against the Creditor (or any director, officer or employee thereof), on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute.
- (d) All amounts due under this Section shall be payable not later than three Business Days after written demand therefor.
- (e) The indemnifications set out in this Section shall survive the Release Date and the release or extinguishment of the Security Interests.

26. **Release of Debtor.** Upon the written request of the Debtor given at any time on or after the Release Date, the Creditor shall, at the expense of the Debtor, release the Debtor and the Collateral from the Security Interests and such release shall serve to terminate any licence granted in this Agreement. Upon such release, and at the request and expense of the Debtor, the Creditor shall execute and deliver to the Debtor such releases and discharges as the Debtor may reasonably request.

27. **Additional Security.** This Agreement is in addition to, and not in substitution of, any and all other security previously or concurrently delivered by the Debtor or any other Person to the Creditor, all of which other security shall remain in full force and effect.

28. **Alteration or Waiver.** None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Creditor. The Creditor shall not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Creditor, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Creditor of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right

or remedy which the Creditor would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale shall extinguish the liability of the Debtor to pay the Secured Liabilities, nor shall the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor shall the acceptance of any payment or other security constitute or create any novation.

29. **Environmental Licence and Indemnity.** The Debtor grants to the Creditor and its employees and agents an irrevocable and non-exclusive licence, subject to the rights of tenants, to enter any of the premises of the Debtor to conduct audits, testing and monitoring with respect to hazardous substances and to remove and analyze any hazardous substance at the cost and expense of the Debtor (which cost and expense shall form part of the Secured Liabilities and shall be payable immediately on demand and secured by the Security Interests created by this Agreement). The Debtor shall indemnify the Creditor and hold the Creditor harmless against and from all losses, costs, damages and expenses which the Creditor may sustain, incur or be or become liable at any time whatsoever for by reason of or arising from the past, present or future existence, clean-up, removal or disposal of any hazardous substance on or about any property owned or occupied by the Creditor or compliance with environmental Laws or environmental orders relating thereto, including any clean-up, decommissioning, restoration or remediation of any premises owned or occupied by the Debtor or other affected lands or property. This indemnification shall survive the Release Date.

30. **Amalgamation.** If the Debtor is a corporation, the Debtor acknowledges that if it amalgamates or merges with any other corporation or corporations, then (i) the Collateral and the Security Interests shall extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (ii) the term "Debtor", where used in this Agreement, shall extend to and include the amalgamated corporation, and (iii) the term "Secured Liabilities", where used in this Agreement, shall extend to and include the Secured Liabilities of the amalgamated corporation.

31. **Governing Law; Attornment.** This Agreement shall be governed by and construed in accordance with the Laws of the Province of British Columbia. Without prejudice to the ability of the Creditor to enforce this Agreement in any other proper jurisdiction, the Debtor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by applicable Law, the Debtor irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of such Province.

32. **Interpretation.** The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "or" is disjunctive; the word "and" is conjunctive. The word "shall" is mandatory; the word "may" is permissive. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or

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*LED Medical Diagnostics Inc.  
General Security Agreement*

modifications set out herein), (b) any reference herein to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time, (c) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, and (e) all references herein to Sections and Schedules shall be construed to refer to Sections and Schedules to, this Agreement, Section headings are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement. Any reference in this Agreement to a Permitted Lien is not intended to subordinate or postpone, and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any Security Interest to any Permitted Lien. In accordance with the *Property Law Act* (British Columbia), the doctrine of consolidation applies to this Agreement.

33. **Successors and Assigns.** This Agreement shall enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and shall enure to the benefit of, and be binding on, the Creditor and its successors and assigns. The Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement. The Creditor may assign this Agreement and any of its rights and obligations hereunder to any Person. If the Debtor or the Creditor is an individual, then the term "Debtor" or "Creditor", as applicable, shall also include his or her heirs, administrators and executors.


34. **Acknowledgment of Receipt/Waiver.** The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable Law, waives the right to receive a copy of any financing statement or financing change statement registered in connection with this Agreement or any verification statement issued with respect to any such financing statement or financing change statement.

35. **Electronic Signature.** Delivery of an executed signature page to this Agreement by the Debtor by facsimile or other electronic form of transmission shall be as effective as delivery by the Debtor of a manually executed copy of this Agreement by the Debtor.

[signatures on the next following page]

IN WITNESS WHEREOF the undersigned has caused this Agreement to be duly executed as of the date first written above.

**LED MEDICAL DIAGNOSTICS INC.**

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*Signature page*

*LED Medical Diagnostics Inc.  
General Security Agreement*

**TRADEMARK**  
**REEL: 004894 FRAME: 0583**

**SCHEDULE A**

**SCHEDULE A**

**DEBTOR INFORMATION**

**Full legal name: LED Medical Diagnostics Inc.**

**Prior names: 651192 B.C. LTD.**

**Predecessor companies: EMD Systems Inc., Visiotech Diagnostics Inc., Searchlight Capital Corp.**

**Jurisdiction of incorporation or organization: British Columbia**

**Address of chief executive office: 235-5589 Byrne Road, Burnaby BC V5J 3J1**

**Addresses of all places where business is carried on or tangible Personal Property is kept:  
as above**

**Jurisdictions in which all material account debtors are located: British Columbia**

**Addresses of all owned real property: None**

**Addresses of all leased real property: 235-5589 Byrne Road, Burnaby BC V5J 3J1**

**Description of all "serial number" goods (i.e. motor vehicles, trailers, aircraft, boats and outboard motors for boats): None**

**Description of all material Permits: None**

**Subsidiaries of the Debtor: LED Dental Inc., LED Dental Ltd.**

**Instruments, Documents of Title and Chattel Paper of the Debtor: None**

**Registered trade-marks and applications for trademark registrations:**

<i>Country</i>	<i>Trade-mark</i>	<i>Application No.</i>	<i>Application Date</i>	<i>Registration No.</i>	<i>Registration Date</i>	<i>Licensed to or by Debtor</i>
Canada	VELSCOPE	1,351,597	June 23, 2007	TMA723,303	September 10, 2008	N

**Patents and patent applications:**

<i>Country</i>	<i>Title</i>	<i>Patent No.</i>	<i>Application Date</i>	<i>Date of Grant</i>	<i>Licensed to or by Debtor</i>
USA	Fluorescence Scope System for Dermatologic Diagnosis	6,021,344	December 3, 1997	February 1, 2000	N
USA	Endoscopes and Methods Relating to Direct Viewing of a Target Tissue	6,110,106	June 24, 1998	August 29, 2000	N
Canada	Systems and Methods for Detection of Disease Including Oral Scopes and Ambient Light Management Systems (ALMS)	2,604,491	April 14, 2005		N
Canada	Multipurpose Diseased Tissue Detection Devices, Systems and Methods	2,683,657	April 10, 2007		N
Canada	Systems and Methods Relating to Colposcopic Viewing Tubes for Enhanced Viewing and Examination	2,583,702	October 12, 2005		N

**Copyright registrations and applications for copyright registrations: None**

<i>Country</i>	<i>Work</i>	<i>Application No.</i>	<i>Application Date</i>	<i>Registration No.</i>	<i>Licensed to or by Debtor</i>
					[Y/N]

**Industrial designs/registered designs and applications for registered designs: None**

<i>Country</i>	<i>Design</i>	<i>Application No.</i>	<i>Application Date</i>	<i>Registration No.</i>	<i>Issue Date</i>	<i>Licensed to or by Debtor</i>
						[Y/N]

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LED Medical Diagnostics Inc.  
General Security Agreement

**TRADEMARK**  
**REEL: 004894 FRAME: 0585**



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General Security Agreement*