

~~REEL 0614 FRAME 0501~~

AGREEMENT

This Agreement is entered into this 10th day of December, 1997, by and between Timothy Garrison, Royal-T-Industries, Inc., Lillie Lowe Equine Industries, Inc., and Gene White and Pet White, husband and wife,

W I T N E S S E T H :

NOW, THEREFORE, in consideration of the sum of One Dollar (\$1.00), and other valuable considerations, receipt of which is hereby acknowledged, and in further consideration of the agreements, covenants, and releases hereinafter set forth, the parties hereto agree as follows:

1. For the consideration stated above and additionally for and in consideration of the loan of Twenty Five Thousand Dollars (\$25,000.00) made by Gene White and Pet White to Royal-T-Industries, Inc. on August 6, 1997, a copy of said Promissory Note being attached hereto as Exhibit "A" and made a part hereof, said loan proceeds being for the purpose of paying the retainer on the attorney fees for Paul Grana, P.C., securities attorneys in St. Louis, for their preparation of a prospectus for Royal-T-Industries, Inc., on which loan and promissory note there is still owed a principal balance of Twelve Thousand Seven Hundred Sixty Seven and 58/100 Dollars (\$12,767.58), with interest thereon being paid through November 20, 1997, which indebtedness and the right of Gene White and Pet White to be paid thereon shall survive this Agreement; and for and in consideration of the delivery by Timothy Garrison, Royal-T-Industries, Inc., and Lillie Lowe Equine Industries, Inc. to Gene White and Pet White, husband and wife, as joint tenants, of (a) ten percent (10%) of the common shares of Royal-T-Industries, Inc., the same being fifty thousand (50,000) shares, and (b) five percent (5%) of the preferred shares of Royal-T-Industries, Inc., the same being one thousand (1,000) shares, and (c) five percent (5%) of the common shares of Lillie Lowe Equine Industries, Inc., the same being two thousand five hundred (2,500) shares, which stock ownership by Gene White and Pet White, as joint tenants, shall survive this Agreement; and for and in consideration of Gene White and Pet White continuing to have and to own an undivided ten percent (10%) ownership in and to the patent rights known as Saddle Pad, U.S. Patent No. 5,363,631 and Impact Dispensing Composition, U.S. Patent Pending No. 08-580,494, which ten percent (10%) ownership in and to said patents is hereby acknowledged by Timothy Garrison, Royal-T-Industries, Inc., and Lillie Lowe Equine Industries, Inc., and which ten percent (10%) ownership by Gene White and Pet White in and to said patents shall survive this Agreement; Gene White and Pet White hereby agree to release, and hereby do release, any and all claims to any assets or patent rights held by Royal-T-Industries, Inc. and that this Agreement shall cancel and nullify any past agreements between the parties hereto except as to those things and items of ownership

vested in Gene White and Pet White which are designated herein as surviving this Agreement.

2. This Agreement shall also grant to Royal-T-Industries, Inc. a license to use the undivided ten percent (10%) ownership of Gene White and Pet White in and to the patent rights known as Saddle Pad, U.S. Patent No. 5,363,631 and Impact Dispensing Composition, U.S. Patent Pending No. 08-580,494, on the same terms and conditions as contained in the License Agreement between Tim Garrison and Royal-T-Industries, Inc. with the understanding that Gene White and Pet White shall be paid ten percent (10%) of the royalty which is to be paid for the use by Royal-T-Industries, Inc. of said patent rights, the amount of such total royalty having already been set by the Licensing Agreement between Timothy Garrison and Royal-T-Industries, Inc., a copy of which is attached hereto as Exhibit "B" and made a part hereof. The right of Gene White and Pet White to such royalty payments shall survive this Agreement.

3. This Agreement shall further operate as a release by Gene White and Pet White of any and all claims against Timothy Garrison, Royal-T-Industries, Inc., and Lillie Lowe Equine Industries, Inc. for any monies previously paid by Gene White and Pet White for attorney fees and costs associated with obtaining the above described patents and patent rights.

4. This Agreement shall supersede, modify, and terminate any and all past agreements, both oral and written, previously existing between the parties concerning Royal-T-Industries, Inc., Lillie Lowe Equine Industries, Inc., Timothy M. Garrison, and Gene White and Pet White regarding any patent ownership or stock ownership except as to those things and items of ownership vested in Gene White and Pet White which are designated herein as surviving this Agreement.

5. The parties hereto further state that:

(a) we are of legal age and legally competent to sign this Agreement;

(b) we understand the terms in this Agreement are contractual and such terms are not a mere recital;

(c) we fully informed ourselves of this Agreement by reading it before we signed it; and

(d) we have had the opportunity to consult with our legal counsel regarding the effect of this Agreement and we have signed this document with full knowledge of its impact and as our free and voluntary act.

6. The undersigned President of Royal-T-Industries, Inc. and the undersigned President of Lillie Lowe Equine Industries, Inc. specifically acknowledge that they have the authority to act on

behalf of and bind the corporations for the agreements set forth above.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this 10th day of December, 1997.

ROYAL-T-INDUSTRIES, INC.

LILLIE LOWE EQUINE INDUSTRIES, INC.

By Terry Poston
Terry Poston, President

By Tim Garrison
Timothy M. Garrison, President

Tim Garrison
Timothy M. Garrison

Gene White
Gene White

Pet White
Pet White

STATE OF OKLAHOMA)
)
COUNTY OF MUSKOGEE)

Before me, a Notary Public in and for said State, on this 10th day of December, 1997, personally appeared Terry Poston, to me known to be the identical person who subscribed the name of Royal-T-Industries, Inc. to the foregoing instrument as its President and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Witness my hand and official seal the day and year last above written.

Steph J. Schum
Notary Public

My Commission Expires:

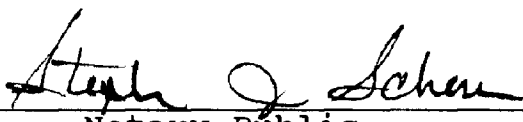
8-17-98

(SEAL)

STATE OF OKLAHOMA)
)
COUNTY OF MUSKOGEE)

Before me, a Notary Public in and for said State, on this 10th day of December, 1997, personally appeared Timothy M. Garrison, to me known to be the identical person who subscribed the name of Lillie Lowe Equine Industries, Inc. to the foregoing instrument as its President and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Witness my hand and official seal the day and year last above written.



Notary Public

My Commission Expires:

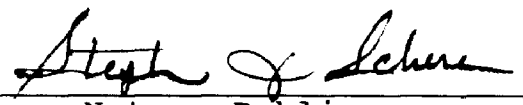
8-17-98

(SEAL)

STATE OF OKLAHOMA)
)
COUNTY OF MUSKOGEE) ss:

Before me, a Notary Public in and for said County and State, personally appeared Timothy M. Garrison, to me known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal this 10th day of December, 1997.



Notary Public

My Commission Expires:

8-17-98

(SEAL)

STATE OF OKLAHOMA)
)
COUNTY OF MUSKOGEE) ss:

Before me, a Notary Public in and for said County and State, personally appeared Gene White and Pet White, to me known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal this 10th day of December, 1997.



Notary Public

My Commission Expires:

8-17-98

(SEAL)

PROMISSORY NOTE

\$25,000.00

Tulsa, Oklahoma
August 6, 1997

1. FOR VALUE RECEIVED, the undersigned, Royal-T-Industries, Inc. ("Maker"), promises to pay to the order of Gene and Pet White ("Payee"), at 2400 N. 54th St, Apt 74501 or such other place or places Payee may direct, the principal amount of this Note, together with interest on the unpaid balance of such amount at the rate hereinafter set forth.

2. Principal Amount. TWENTY FIVE THOUSAND AND 00/100 DOLLARS (\$25,000.00).

3. Payments. Principal and interest shall be due and payable within ninety (90) days of the execution of this document and receipt of funds. However, it is acknowledged by both parties that this agreement may be extended for a thirty (30) day period at the option of the payor.

4. Interest. Interest shall accrue on the outstanding principal balance at the rate of twelve percent (12%) per annum. Interest shall be calculated on the basis of a year of 365 days.

5. Default. At the option of the holder thereof, the unpaid balance of this Note and all other obligations of Maker to holder, whether direct or indirect, whether absolute, fixed or contingent, whether matured or unmatured, now existing or hereafter arising, shall become immediately due and payable, without notice or demand, upon the occurrence or existence of any of the following events or conditions:

- (a) any payment required by this note not made when due;

EXHIBIT "A"

**PATENT
REEL: 9614 FRAME: 0540**

- (b) any breach, or failure of performance, of any covenants, obligation, representation, warranty or provision contained in any loan agreement or in any instrument or document securing or relating to this Note;
- (c) provided that Maker shall have fifteen (15) days from receipt of notice from Payee of any breach pursuant to Section 6(a) or (b) to cure said breach.

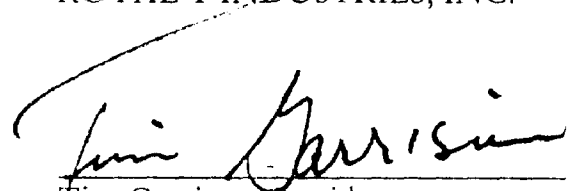
6. Costs and Attorney's Fees. If this Note is placed in the hands of an attorney for collection, or suit is brought on same, or the same is collected through probate, bankruptcy, or other judicial proceeding, then the prevailing party shall be entitled to receive reasonable costs and expenses, including, but not limited to, a reasonable amount as attorney's fees.

7. Governing Law. This Note has been executed and delivered in Tulsa County, Oklahoma, and shall be governed by and construed to the laws of the State of Oklahoma.

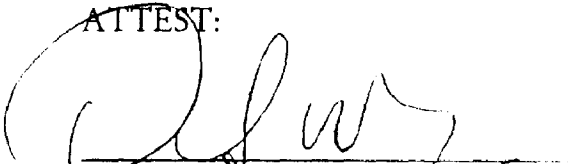
"Maker"

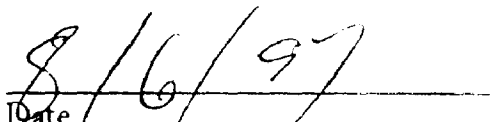
ROYAL-T-INDUSTRIES, INC.

By


Tim Garrison, President

ATTEST:


Witness


Date

LICENSE AGREEMENT

LICENSE AGREEMENT made _____, 199__, between Tim Garrison, an individual residing in Muskogee, Oklahoma (hereinafter "Licensor"), and Royal-T-Industries, Inc., an Oklahoma corporation (hereinafter "Licensee").

RECITALS

The Licensor has made certain new and useful inventions embracing impact dispersing compositions, products utilizing such compositions and processes for making such compositions (collectively "the Inventions") hereinafter defined under "Patent Rights".

The Licensee desires to acquire an exclusive license under the "Patent Rights" as hereinafter defined, for the territory and terms as set forth below.

NOW THEREFORE, it is agreed as follows:

1. *Patent Rights.* As used in this agreement, the phrase "Patent Rights" shall mean and include:
 - (a) all claims of United States Patent No. 5,363,631, issued November 15, 1994, entitled "*Shock-Reducing Saddle Pad*" together with any and all reissues or re-examined patents thereof; and
 - (b) United States Patent Application Serial No. 08/580,494, filed December 28, 1995 entitled "*Impact Dispersing Compositions*" and each and every United States patent issued on such Application or a straight continuation (i.e. non-CIP) thereof, including any reissued or re-examined patent based thereon.
2. *Exclusive License.* The Licensor hereby grants to the Licensee the exclusive and worldwide right and license under the Patent Rights to commercialize, use and exploit the above-described inventions; to practice the processes for making the impact dispersing compositions, to make, sell, use, and otherwise dispose of such compositions, and to utilize such compositions in products, including by way of illustration but not limitation, saddle pads, floor mats for trailers, sporting equipment, turf pads, floor coverings, and all other products for carrying the Inventions and processes into practice.
3. *Sublicense.* The Licensor hereby grants to the Licensee the right to grant sublicenses on such terms as are consistent with the provisions of this Agreement and to such sublicensees as are acceptable to the Licensor.
4. *Ownership of patents.* All patents shall remain the sole and exclusive property of the Licensor, subject to the exclusive license hereby granted. The Licensor shall, upon demand, execute and deliver to the Licensee such documents as may be deemed necessary or advisable by counsel

for the Licensee for filing in the appropriate patent offices to evidence the granting of the exclusive license hereby granted.

5. *Consultation.* The Licensors agree to make himself available to Licensee upon request for consultation, advice and know-how within his knowledge concerning the Patent Rights, during times which will not interfere with his other employment or contractual obligations. The Licensee shall pay Licensors for such consultation, out-of-pocket and travel expenses and compensation for his services.

6. *Fees and Royalties.* The Licensee shall pay to the Licensors:

- (a) Consulting fees of \$_____ per month for a period of two years from the date of this Agreement;
- (b) Royalties of three and seven-tenths percent (3.7%) of gross revenues generated by the Licensee or its assigns or designees utilizing in whole or in part the Patent Rights; and
- (c) Minimum annual royalties of \$_____ for the year ending December 31, 1998; \$_____ for the year ending December 31, 1999; and \$_____ for each year thereafter.

For purposes of this Paragraph, "Gross Revenues" means the aggregate amount of monies generated from the commercialization, use and exploitation the Patent Rights, whether by cash or credit and regardless of collection in the case of credit; provided, however, that "Gross Revenues" shall not include customer refunds and/or credits made by Licensee in accordance with the Licensee's policies therefore and any sales taxes or other taxes collected from customers by the Licensee for transmittal to the appropriate taxing authority.

7. *Payment of Royalties.* The Licensee shall at all times keep, and require all sublicensees to keep, an accurate account of the licensed operations; and shall render a full statement of the same in writing to the Licensors for each calendar quarter during the term of this Agreement, within 30 days of the end of such calendar quarter, and concurrently with the rendering of such statement pay to the Licensors the amount of net earned royalties accrued during the corresponding calendar quarter. Licensee agrees that the Licensors shall have the right, at their own expense and not more often than once in each calendar year, to have a certified public accountant acceptable to the Licensee examine the books of the Licensee and sublicensees, if any, for the sole purpose of verifying royalty statements and net earned royalties. The minimum royalty for any calendar year shall be paid within 30 days after the expiration of such calendar year, but only to the extent that the net earned royalties for such calendar year are less than the stated minimum royalty for that calendar year. All payments under Paragraph 6 shall be paid to Tim Garrison.

8. *Term.* This Agreement shall remain and continue in full force and effect for the full life of the last to expire of such Letters Patent. The rights and licenses granted to the Licensee hereunder shall continue for the full term thereof, but subject to the following:

- (a) If any payments are in default for 15 days after written notice is given to the Licensee either by telegram, telex, or registered mail, or if the Licensee is in default in performing any of the other terms of this Agreement and such default continues for a period of 60 days after written notice thereof is given to the Licensee, or if the Licensee is adjudicated bankrupt or insolvent, or enters into a composition with its creditors, or if a receiver is appointed for any substantial portion of Licensee's assets, then the Licensor shall have the right to terminate this Agreement upon giving notice to the Licensee at least ten days prior to the effective date of termination, and thereunder the Agreement and the rights and licenses granted hereunder to the Licensee shall become void with prejudice to any remedy of the Licensor for the recovery of any moneys due it under this Agreement.
- (b) Upon termination pursuant to Paragraph 8, subparagraph (a), the Licensee shall duly account to the Licensor and transfer to him all rights which it may have with respect to the Patent Rights, and all rights to any sublicense or sublicenses which may have been granted pursuant to the terms hereof.

9. *Infringement.* The Licensee shall defend, at its own expense, all charges and claims of infringement that may be brought against Licensee related to the exercise of any rights or licenses granted to Licensee pursuant to this Agreement; and when information is brought to Licensor's attention that others without license are infringing on the rights granted to Licensee pursuant to Paragraph 1 hereof, the Licensor shall prosecute diligently any infringer at his own expense. If either party finds it necessary in any suit or proceeding which they may institute in fulfillment of the obligations of this Paragraph 9, such party may join the other as a party plaintiff, but the joining party shall bear all costs and expenses of the other party therefor. In performance of the foregoing, each party shall, at its own expense, execute all necessary papers and testify in any suit whenever requested so to do by the other party.

10. *Notice.* Any notice required under this Agreement shall be addressed as follows:

Tim Garrison
3609 Jeannie Lane
Muskogee, OK 74403

Royal-T-Industries

11. *Benefit.* This agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, successors and assigns of the parties hereto; provided , however, the rights of the Licensors hereunder shall not be assigned nor transferable, except to heirs, without the prior written consent of the Licensee.

12. *Waiver or Modifications.* No waiver, modification or cancellation of any term or condition of this Agreement shall be effective unless executed in writing by the party to be charged therewith. No written waiver shall excuse the performance of any act(s) other than those specifically referred to therein. Licensors make no warranties to Licensee except those specifically expressed herein. A waiver of any breach by Licensee hereunder shall not constitute a waiver of any subsequent breach(es) by Licensee hereunder.

13. *Governing Law and Arbitration.* This Agreement shall be construed and interpreted in accordance with and governed by the laws of the state of Oklahoma. Any controversy or claim arising out of or relating to this Agreement or the breach thereof shall, at the written request of one party hereto delivered to the other party hereto not less than 30 days in advance of the date of such submittal be submitted to arbitration in accordance with the then existing Commercial Arbitration Rules of the American Arbitration Association and Supplemental Procedures for International Commercial Arbitration. The site of such arbitration, unless the parties agree otherwise, shall be in the city of Tulsa, Oklahoma.

IN WITNESS WHEREOF the parties have executed this Agreement on the date indicated above.

TIM GARRISON

ROYAL-T-INDUSTRIES, INC.

By: _____

(Printed name of person signing)

Title: _____