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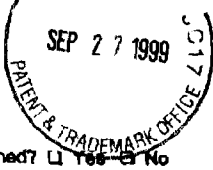


documents or copy thereof.

To the Honorable Commissioner of Patents and Trademarks

101157191

1. Name of conveying party(ies):
NEXT CENTURY POWER, INC.



2. Name and address of receiving party(ies)
Name: SASHA VENTURES LTD.

Additional name(s) of conveying party(ies) attached? Yes No

Internal Address:
#1600, 609 Granville Street
PO Box 10068, Pacific Centre

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other

Street Address:
#1600, 609 Granville Street
City: Vancouver State: BC ZIP: V7Y 1C3
Canada

Execution Date: September 28, 1998

Additional name(s) & address(es) attached? Yes No

4. Application number(s) or patent number(s):
If this document is being filed together with a new application, the execution date of the application is:

A. Patent Application No.(s)

B. Patent No.(s)

5,215,836 (1993)

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Anfield Sujir Kennedy & Durno

Internal Address:
#1600, 609 Granville Street
PO Box 10068, Pacific Centre

Street Address:
#1600, 609 Granville Street
City: Vancouver State: BC ZIP: V7Y 1C3
Canada

6. Total number of applications and patents involved: 1

7. Total fee (37 CFR 3.41).....\$ 40.00

Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:

n/a

(Attach duplicate copy of this page if paying by deposit account)

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09/28/1999 KTHA11 00000164 5215836

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9. Statement and signature 40.00 OP
To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

JEFF DURNO
Name of Person Signing

Signature

September 24, 1999

Date

Total number of pages including cover sheet, attachments, and document: 18

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignments
Washington, D.C. 20231

GENERAL SECURITY AGREEMENT

THIS AGREEMENT, dated for reference September 28, 1998, is made

BETWEEN:

NEXT CENTURY POWER, INC., a corporation incorporated under the laws of the State of California, having an office at 1832 Rollins Road, Burlingame, California, 94010 (Fax no. 650-777-4303)

(the "Debtor")

AND

SASHA VENTURES LTD., a company having its registered office at Suite 1600, 609 Granville Street, Vancouver, British Columbia, V7Y 1C3 (Fax no. 604-669-3877)

(the "Secured Party")

WHEREAS:

A. The Debtor and the Secured Party are parties to a Letter of Intent dated for reference September 28, 1998 (the "Second Letter of Intent") pursuant to which the Debtor agreed to pay all of the costs and expenses of the Secured Party associated with all transactions contemplated in the Second Letter of Intent and agreed to assume all costs and expenses incurred by the Secured Party in connection with a previous Letter of Intent dated January 29, 1998 (the "First Letter of Intent"), acknowledged by the parties to be approximately \$250,000, together with any interest accrued on such costs and expenses; and

B. The Debtor wishes to grant to the Secured Party the security provided in this Agreement to secure the repayment of the costs and expenses under the First Letter of Intent and the Second Letter of Intent, and any further indebtedness to the Secured Party incurred by the Debtor pursuant to the Second Letter of Intent or any agreement or note entered into in connection with the transactions contemplated in the Second Letter of Intent;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the mutual agreements and covenants herein contained (the receipt and adequacy of such consideration is hereby mutually admitted by each party), the parties hereby covenant and agree as follows.

1 INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

- (a) "Account Debtor" has the meaning assigned in subsection 2.5;
- (b) "Accounts" has the meaning assigned in paragraph 2.1(a);
- (c) "Collateral" has the meaning assigned in subsection 2.3;

- (d) "Equipment" has the meaning assigned in paragraph 2.1(b);
- (e) "Event of Default" means an event described in subsection 6.1;
- (f) "Inventory" has the meaning assigned in paragraph 2.1(c);
- (g) "Obligations" has the meaning assigned in section 3;
- (h) "Permitted Encumbrances" means those encumbrances described in Schedule "2"; and
- (i) "Receiver" means a receiver or receiver and manager appointed under subsection 6.3(a).

1.2 Other Capitalized Terms

In this Agreement, capitalized terms not defined in subsection 1.1 have the meanings assigned thereto elsewhere in this Agreement.

1.3 Governing Law

This Agreement is governed by the laws of the State of California and the parties attorn to the jurisdiction of the courts of California for the resolution of all disputes under this Agreement.

1.4 Severability

If any one or more of the provisions contained in this Agreement is found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby.

1.5 Parties In Interest

This Agreement enures to the benefit of and is binding on the parties to this Agreement and their respective successors and permitted assigns.

1.6 Headings and Marginal References

The division of this Agreement into sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement.

1.7 Currency

All statements of, or references to, dollar amounts in this Agreement mean lawful currency of Canada.

2 SECURITY INTEREST

2.1 Security Interest

As security for the payment and performance of the Obligations of the Debtor, the Debtor mortgages, charges, assigns and transfers to the Secured Party, and grants to the Secured Party a security interest in, and the Secured Party takes the security interest in, all of the Debtor's right, title and interest in and to all of the Debtor's present and after-acquired property and all proceeds thereof of every nature and kind and wherever situate, including, without limitation:

- (a) all debts, accounts, general intangibles, claims, monies and choses in action which now are, or which may at any time hereafter be due or owing to the Debtor or in which the Debtor has rights, and all books, records, documents, papers and electronically recorded data recording, evidencing, securing or otherwise relating to such debts, accounts, general intangibles, claims, monies and choses in action or any part or parts thereof (collectively, the "Accounts");
- (b) all present and future equipment now or hereafter owned by the Debtor, including all machinery, electronic equipment, fixtures, plants, tools, furniture, vehicles of any kind or description, all spare parts, accessions or accessories located at or installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto and any other goods that are not Inventory (collectively, the "Equipment");
- (c) all present and future inventory of whatever kind now or hereafter owned by the Debtor, including all raw materials, materials used or consumed in the business or profession of the Debtor, goods, work in progress, finished goods, returned goods, repossessed goods, goods used for packing, all packaging materials, supplies and containers, materials used in the business of the Debtor, whether or not intended for sale and goods acquired or held for sale, lease or resale or furnished or to be furnished under contracts of rental or service (collectively, the "Inventory");
- (d) all chattel paper, documents of title, instruments, securities, investment property and other goods now or hereafter owned by the Debtor that are not Accounts, Equipment or Inventory;
- (e) all intangible property of the Debtor (save and except for Accounts) now or hereafter owned by the Debtor, including, without limitation, all contractual rights, licences, goodwill, patents, trademarks, tradenames, copyrights, technology rights, know-how, other industrial designs and other industrial or intellectual property and undertaking of the Debtor and all other choses in action of the Debtor of every kind which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor and all other intangible property of the Debtor which is not Accounts, goods, chattel paper, documents of title, instruments, money or securities provided, however, that the Debtor grants no interest in any application to register any trademark, service mark or other mark prior to the filing under applicable law of a verified statement of use for such trademark or service mark;
- (f) all the property of the Debtor described in Schedule "1", if any; and
- (g) all proceeds of any of the foregoing collateral (including proceeds which constitute property of the types described in clauses (a) through (f) above).

2.2 Floating Charge

As additional security for the payment and performance of the Obligations of the Debtor, the Debtor, subject to any Permitted Encumbrances as at the date hereof, hereby grants, mortgages, assigns and transfers to the Secured Party, a floating charge as a continuing security interest in:

- (a) all real and immovable property, including, without limitation, both freehold and leasehold now or hereafter owned or acquired by the Debtor registered under the *Uniform Commercial Code* of California and similar legislation in each other jurisdiction in which the Debtor owns property or carries on business, together with all buildings, erections, improvements and fixtures located thereon or used in connection therewith, including any

lease, verbal or written or any agreement therefor, (all of which property is hereinafter collectively referred to as the "Real Property") provided, however, that the last day of any term of any such lease, verbal or written, or any agreement therefor now held or hereafter held by the Debtor, is excepted out of the Real Property charged hereby, but should such charge become enforceable the Debtor shall thereafter stand possessed of any such reversion upon trust to assign and dispose thereof as the Secured Party may direct; and

- (b) the undertaking and all other property and assets of the Debtor for the time being of whatsoever nature and kind, both present and future, including, without limitation, uncalled capital, monies, rights, franchises, negotiable and non-negotiable instruments, judgments and corporate securities, other than that which is at any time and all times validly subject to the security interest created in subsection 2.1.

2.3 Collateral

The term "Collateral" means collectively all of the Debtor's right, title and interest in and to all of the Debtor's present and after-acquired property and all proceeds thereof of whatsoever nature and kind and wherever situate including without limiting the generality of the foregoing all of the property described in subsections 2.1 and 2.2.

2.4 Attachment

The security interest created by this Agreement will attach when:

- (a) this Agreement has been executed, or in the case of after-acquired property, such property has been acquired by the Debtor;
- (b) value has been given; and
- (c) the Debtor has rights in the Collateral, and in the case of after-acquired property, acquires rights in the Collateral.

2.5 Notification

If this Agreement grants a security interest in Accounts, before or after an Event of Default has occurred, the Secured Party may notify any debtor of the Debtor on a general intangible, chattel paper, or account, or any obligor on an instrument (an "Account Debtor"), (a) that the assignment and grant of security interest contained herein has occurred and/or (b) to make all payments on Collateral to the Secured Party. The Debtor acknowledges that the proceeds of all sales, or any payments on or other proceeds of the Collateral, including but not limited to payments on, or other proceeds of, the Collateral received by the Debtor from any Account Debtor, whether before or after notification to such Account Debtor and whether before or after default under this Agreement shall be received and held by the Debtor in trust for the Secured Party and shall be turned over to the Secured Party upon request and the Debtor shall not commingle any proceeds of or payments on the Collateral, with any of the Debtor's funds or property, but will hold them separate and apart.

2.6 Purchase Money Security Interests

The security interests created hereby shall constitute purchase money security interests to the extent that any of the Obligations are monies advanced by the Secured Party to the Debtor for the purpose of enabling the Debtor to purchase or acquire rights in any of the Collateral and were so used by the Debtor and a certificate of an officer of the Secured Party as to the extent that the Obligations are monies so advanced and used shall be *prima facie* proof of the purchase money security interests constituted hereby.

3 OBLIGATIONS

The security interest created by this Agreement will secure the due and punctual payment of all liabilities of every kind and description of the Debtor to the Secured Party, whether now or hereafter owed on any future advance, whether direct, indirect, contingent and whether the Debtor be bound alone or with others and whether as principal or surety, including, without limitation all obligations arising pursuant to the First Letter of Intent, the Second Letter of Intent, this Agreement and any other security document, loan agreement or other document evidencing the indebtedness of the Debtor to the Secured Party or assured by the Debtor from time to time, as the same may be amended from time to time (the "Obligations").

4 REPRESENTATIONS AND WARRANTIES OF THE DEBTOR

4.1 Representations and Warranties

The Debtor represents and warrants to the Secured Party that:

- (a) the Debtor is a corporation duly incorporated validly existing and in good standing under the laws of California;
- (b) the Debtor has the corporate power and capacity to carry on the business now carried on by it and has the full power and authority to execute and deliver this Agreement and the Second Letter of Intent;
- (c) the Debtor has taken all necessary corporate proceedings to authorize the execution and delivery of this Agreement and the Second Letter of Intent;
- (d) the Debtor will not, by entering into this Agreement, contravene any statute, the charter, by-laws, articles or other constating documents of the Debtor or any agreement by which it is bound;
- (e) there are no actions or proceedings pending or, to the knowledge of the Debtor, threatened, which challenge the validity of this Agreement or which if resolved adversely would result in a material adverse change in the financial condition of the Debtor or which would materially adversely affect the ability of the Debtor to perform its obligations under this Agreement or any document evidencing any indebtedness of the Debtor to the Secured Party;
- (f) the Debtor owns and possesses all presently held Collateral and has good title thereto, free from all security interests, charges, encumbrances, liens and claims, save only those, if any, shown in Schedule "2";
- (g) the Debtor has the right and authority to create the security interests created in this Agreement;
- (h) the chief place of business of the Debtor, the only locations of Collateral (other than Inventory in transit) and the only places the Debtor carries on business are described in Schedule "3";
- (i) all financial information and financial statements supplied to the Secured Party by or for the Debtor:

- (i) are not untrue in any material respect;
- (ii) have revealed all material facts the omission of which would make such information or statements misleading;
- (iii) disclose all facts which materially adversely affect, or so far as the Debtor can reasonably foresee will materially adversely affect, the Debtor's financial condition, the Collateral or the Debtor's ability to perform its obligations hereunder; and
- (iv) in the case of financial statements, have been prepared in accordance with generally accepted accounting principles.

4.2 Reliance and Survival

All representations and warranties of the Debtor made herein or in any certificate or other document delivered by or on behalf of the Debtor for the benefit of the Secured Party are material, will survive the execution and deliver of this Agreement and will continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

5 COVENANTS OF THE DEBTOR

5.1 Positive Covenants

The Debtor covenants that, during the term of this Agreement, it will:

- (a) immediately following the execution of this Agreement, file financing statements with respect to the security interest created in this Agreement under the *Uniform Commercial Code* of California and similar legislation in each other jurisdiction in which the Debtor owns property or Collateral is located and will, during the term of this Agreement, execute, endorse, file and deliver and record all such other documents and pay such fees and taxes and take such other actions as may be necessary to attach, continue, preserve, perfect and protect the security interests created in this Agreement, and the Debtor irrevocably appoints the Secured Party as its attorney-in-fact to execute, deliver, file and record any such documents for the Secured Party and to file a copy of this Agreement as a financing statement where permitted by law and in its name and stead;
- (b) keep the Collateral in a good state of repair and operating condition in accordance with its nature and description;
- (c) defend the Collateral against all claims and demands of all persons claiming the Collateral or interest in the Collateral;
- (d) permit the Secured Party to inspect the Collateral at any time the office at which the Collateral is located is open for business;
- (e) at all times maintain its corporate existence;
- (f) provide the Secured Party with written notice of its intention to move the Collateral to another location, before the Collateral is moved;

- (g) upon demand by the Secured Party, furnish in writing to the Secured Party all information requested concerning the Collateral and that it will promptly advise the Secured Party of the serial number, year, make and model of each serial numbered good at any time included in the Collateral;
- (h) pay and discharge, as they become due, all payments due and owing under this Agreement and will observe, perform and carry out all the terms, covenants, provisions and agreements relating thereto and any default in payment of any monies due and payable under this Agreement or in the observance, performance or carrying out of any of the terms, covenants, provisions and agreements relating thereto shall be deemed to be a default hereunder at the option of the Secured Party and any and all remedies available to the Secured Party hereunder by reason of any default hereunder or by law or otherwise shall forthwith be available to the Secured Party upon any default of the Debtor under this Agreement;
- (i) pay all costs, charges and expenses of and incidental to the taking, preparation, execution and registering notice (and any amendments and renewals of such notice) of this Agreement and in taking, recovering, keeping possession of or inspecting the Collateral and generally in any other proceedings taken in enforcing the remedies in this Agreement or otherwise in relation to this Agreement or by reason of non-payment or procuring payment of the monies hereby secured;
- (j) if the Debtor defaults in the performance of any covenant hereunder, the Secured Party may perform any covenant of the Debtor capable of being performed by the Secured Party and if the Secured Party is put to any costs, charges, expenses or outlays to perform any such covenant, the Debtor will indemnify the Secured Party for such costs, charges, expenses or outlays and such costs, charges expenses or outlays (including solicitors' fees and charges incurred by the Secured Party on a special costs basis) will be payable forthwith by the Debtor to the Secured Party, shall bear interest at the highest rate borne by any of the other obligations and shall, together with such interest, form part of the Obligations secured by this Agreement;
- (k) in any judicial proceedings, including bankruptcy proceedings involving the Debtor, taken to enforce this Agreement and the covenants of the Debtor hereunder, the Secured Party shall be entitled to costs on a special costs basis. Any costs so recovered shall be credited against any solicitors' fees and charges paid or incurred by the Secured Party relating to the matters in respect of which the costs were awarded and which have been added to the monies secured hereunder pursuant to the foregoing clause;
- (l) promptly pay or remit all amounts which, if left unpaid or unremitted, might give rise to a lien or charge on any of the Collateral ranking or purporting to rank in priority to any security interest created by this Agreement;
- (m) do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party may reasonably require for the better assuring, charging, assigning and conferring to the Secured Party the Collateral and the security interests intended to be created hereunder, for the purpose of accomplishing and effecting the intention of this Agreement;
- (n) if the Secured Party advances money to the Debtor for the purpose of enabling the Debtor to purchase or acquire rights in any Collateral, the Debtor shall use such money only for that purpose and will promptly provide the Secured Party with evidence that such money was so applied; and

- (o) if the Collateral at any time includes a security, the Debtor shall, if required by the Secured Party, deliver the security together with a duly executed instrument of assignment, and/or transfer the security into the name of the Secured Party or the Secured Party's nominee and, until an Event of Default, the Secured Party will provide the Debtor with all notices and other communications received by it or its nominee as registered owner of such security and will appoint, or cause its nominee to appoint, the Debtor as proxy to vote with respect to the security.

5.2 Negative Covenants

The Debtor covenants that, during the term of this Agreement, it will not, without the prior written consent of the Secured Party and except in relation to the transactions contemplated in the Second Letter of Intent and except in accordance with operating in the ordinary course of business:

- (a) permit the Collateral to become subject to any mortgage, charge, encumbrance or security interest in priority to the interest of the Secured Party;
- (b) sell, lease or otherwise dispose of the Collateral or any part or parts of the Collateral, except as permitted by subsection 5.3;
- (c) change its name;
- (d) amalgamate or otherwise merge its business with the business of any other person;
- (e) continue from the jurisdiction which presently exercises primary corporate governance over the affairs of the Debtor;
- (f) release, surrender or abandon the Collateral or any part or parts thereof;
- (g) except in the ordinary course of business, move the Collateral or any part or parts thereof from its present location or locations (and will promptly advise the Secured Party of the new location or locations); or
- (h) permit any of the Collateral to become an accession to any property other than other Collateral.

5.3 Sale of Inventory

If this Agreement grants a security interest in Inventory, until an Event of Default has occurred and the Secured Party has determined to enforce the security interests hereby created, the Debtor may only sell Inventory in the ordinary course of business and on commercially reasonable terms.

6 DEFAULT AND ENFORCEMENT

6.1 Events of Default

The occurrence of any of the following events or conditions, which is not remedied by the Debtor within three business days, will constitute events of default under this Agreement (an "Event of Default"):

- (a) the Debtor fails to make any payment required under this Agreement or under the Second Letter of Intent as and when any such payment becomes due pursuant to the provisions of this Agreement or the Second Letter of Intent;

- (b) the Debtor fails to observe or perform any of the covenants in section 5 or section 8 of this Agreement;
- (c) the Collateral, or any portion thereof, is seized or attached by process of law;
- (d) an order is made or a resolution is passed for the dissolution or winding up of the Debtor;
- (e) the Debtor is the subject of a bankruptcy petition, whether voluntary or involuntary or becomes insolvent or makes an assignment or proposal under the applicable bankruptcy or insolvency legislation or a general assignment in favour of its creditors or a bankruptcy petition is filed or presented against the Debtor;
- (f) if any receiver, receiver-manager, trustee, custodian, liquidator or similar agent is appointed for the Debtor or for any of the Debtor's property;
- (g) if any execution, sequestration, extent or any other process of any court becomes enforceable against the Debtor or if a distress or analogous process shall be levied upon the Collateral or any part thereof;
- (h) if the Debtor permits any sum which has been admitted as due by the Debtor or is not disputed to be due by it and which forms or is capable of being made a charge upon any of the Collateral in priority to the security interests created by this Agreement to remain unpaid for 30 days;
- (i) if the Debtor ceases or threatens to cease to carry on its business;
- (j) if the Debtor defaults in payment of any indebtedness or liability to the Secured Party or any other person, whether secured hereby or not;
- (k) if, in the opinion of the Secured Party, acting reasonably, a material adverse change occurs in the financial condition of the Debtor;
- (l) if the Secured Party in good faith and on commercially reasonable grounds believes that the ability of the Debtor to pay any of the Obligations to the Secured Party or to perform any of the covenants contained herein is impaired or any security granted by the Debtor to the Secured Party is or is about to be impaired or in jeopardy; or
- (m) if any written representation or warranty given by the Debtor, or by any director or officer thereof, to the Secured Party herein or in, or in connection with, the Letter of Intent is untrue in any material respect.

6.2 Acceleration

If an Event of Default occurs, the entire amount owing by the Debtor to the Secured Party pursuant to the terms of the Letters of Intent, the Note, and any agreements entered into between the parties after the date hereof will become immediately due and payable without demand or notice by the Secured Party.

6.3 Remedies of Secured Party

- (a) If any Event of Default shall have occurred and be continuing, the Secured Party may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all of the rights and remedies of a Secured Party under the Uniform Commercial Code as adopted in the State of California (the "Code") (whether

or not the Code applies to the affected Collateral) and all other rights and remedies accorded to the Secured Party at equity or law, including, without limitation, the right to apply for and have a receiver (the "Receiver") appointed by a court of competent jurisdiction to manage, protect and preserve the Collateral, continue the operation of the business of the Debtor and to collect all revenues and profits thereof. Any notice of sale or other disposition of the Collateral given not less than ten (10) days prior to such proposed action shall constitute reasonable and fair notice of such action, however no notice shall be required with respect to Collateral which is perishable or threatens to decline speedily in value. The Secured Party may postpone or adjourn any such sale from time to time by announcement at the time and place of sale stated in the notice of sale. Any such sale may be for cash or, unless prohibited by applicable law, upon such credit or instalment terms as the Secured Party shall determine. The Secured Party may be the purchaser at any such sale. The Debtor shall be credited with the net proceeds of such sale only when such proceeds actually are received by the Secured Party. Despite the consummation of any such sale, the Debtor shall remain liable for any deficiency with respect to the Obligations which remain outstanding following any such sale.

- (b) All cash proceeds received by the Secured Party in respect of any sale of, collection from or other realization upon all or any part of the Collateral may, in the discretion of the Secured Party, be held by the Secured Party as collateral for, and/or then or at any time thereafter applied (after payment of any other amounts payable to the Secured Party) in whole or in part by the Secured Party against, all or any part of the Obligations in such order as the Secured Party shall elect. Any surplus of such cash or cash proceeds held by the Secured Party and remaining after payment in full of all the Obligations shall be paid over to the Debtor or to whomsoever may be lawfully entitled to receive such surplus.
- (c) Upon the request of the Secured Party, the Debtor shall assemble and make the Collateral available to the Secured Party at a place designated by the Secured Party which is reasonably convenient to both parties.

6.4 No Set-Off

The Obligations will be paid by the Debtor without regard to any equities between the Debtor and the Secured Party or any right of set-off, combination of accounts or cross-claim. Any indebtedness owing by the Secured Party to the Debtor may be set off or applied against, or combined with, the Obligations by the Secured Party at any time, either before or after maturity, without demand on, or notice to, anyone.

6.5 Waiver

The Secured Party may waive any breach by the Debtor of any of the provisions of this Agreement or any Event of Default, but no such waiver will extend to or affect any subsequent breach or Event of Default under this Agreement.

7 ASSIGNMENT

7.1 Assignment by Debtor

Except in relation to the transactions contemplated in the Second Letter of Intent, this Agreement may not be assigned by the Debtor without the prior written consent of the Secured Party, which consent shall not be unreasonably withheld.

7.2 Assignment by Secured Party

The Secured Party may, without notice to the Debtor, at any time assign, transfer or grant a security interest in this Agreement and the security interests hereby granted. The Debtor expressly agrees that the assignee, transferee or secured party, as the case may be, will have all of the Secured Party's rights and remedies under this Agreement and the Debtor will not assert any defence, counterclaim, right of set-off or otherwise any claim which the Debtor now has or hereafter acquires against the Secured Party in any action commenced by any such assignee, transferee or secured party, as the case may be, and will pay the Obligations to the assignee, transferee or secured party, as the case may be, as the Obligations become due.

8 INSURANCE

8.1 Maintain Insurance

The Debtor shall, at its own expense, maintain insurance with respect to the tangible Collateral in such amounts, against such risks, and in such form and with such insurers, as shall be satisfactory to the Secured Party from time to time. Each policy for (i) liability insurance shall provide for all losses to be paid on behalf of the Secured Party and the Debtor as their respective interests may appear and (ii) property damage insurance shall provide for all losses (except for losses of less than \$• per occurrence) to be paid directly to the Secured Party. Each such policy shall in addition (i) name the Secured Party and the Debtor as insured parties thereunder as their interest may appear, (ii) contain the agreement by the insurer that any loss thereunder shall be payable to the Secured Party notwithstanding any action, inaction or breach of representation or warranty by the Debtor, (iii) provide that there shall be no recourse against the Secured Party for the payment of premiums or other amounts with respect thereto and (iv) provide that at least ten (10) days' prior written notice of cancellation or of lapse shall be given to the Secured Party by the insurer. The Debtor shall, if so requested by the Secured Party, deliver to the Secured Party original or duplicate policies of such insurance and, as often as the Secured Party may reasonably request, a report of a reputable insurance broker with respect to such insurance. Further, the Debtor shall, at the request of the Secured Party, duly execute and deliver instruments of assignment of such insurance policies satisfactory to the Secured Party and cause the respective insurers to acknowledge notice of such assignment.

8.2 Insurance Payments

Upon (i) the occurrence and during the continuance of any Event of Default, or (ii) the actual or constructive total loss of any tangible Collateral, all insurance payments in respect of such tangible Collateral shall be paid to and applied by the Secured Party as specified in Section 6.4(b).

8.3 Repairs or Replacements

In case of any loss involving damage to tangible Collateral when clause 8.2(ii) above is not applicable, the Debtor shall make or cause to be made the necessary repairs to or replacements of such tangible Collateral, and any proceeds of insurance paid with respect to such loss shall be paid to the Debtor and applied to the costs of such repairs or replacements.

8.4 Covenant to Renew

The Debtor will renew the Insurance prior to its expiry and will promptly furnish the Secured Party with proof of the renewal on written request.

8.5 Secured Party may Insure

If the Debtor fails to purchase or maintain the Insurance, the Secured Party may, but will not be required to, purchase the Insurance and the Debtor agrees to pay the cost of the Insurance to the Secured Party on demand.

9 AMENDMENT

No amendment to this Agreement will be effective unless it is in writing and signed by each of the parties to this Agreement or their permitted assigns.

10 NOTICE

10.1 Any notice under this Agreement will be given in writing and may be sent by fax, or may be delivered to the party to which notice is to be given at the address indicated above, or at another address designated by that party in writing.

10.2 If notice is sent by fax, or is delivered, it will be deemed to have been given at the time of transmission (with confirmation of receipt) or delivery.

11 GENERAL

11.1 No Automatic Discharge

This Agreement will not be or be deemed to have been discharged by reason only of the Debtor ceasing to be indebted or under any liability, direct or indirect, absolute or contingent, to the Secured Party.

11.2 Discharge

If at any time there are no Obligations then in existence and the Debtor is not in default of any of the terms of this Agreement, then, at the request and at the expense of the Debtor the Secured Party shall cancel and discharge this Agreement and the security interests herein granted and the Secured Party shall execute and deliver to the Debtor all such documents as are required to effect such discharge.

11.3 No Obligation to Advance

The Debtor acknowledges and agrees that none of the preparation, execution or registration of notice of this Agreement shall bind the Secured Party to advance the monies hereby secured nor shall the advance of part of the monies hereby secured bind the Secured Party to advance any unadvanced portion thereof.

11.4 Security Additional

The Debtor agrees that the security interests created by this Agreement are in addition to and not in substitution for any other security now or hereafter held by the Secured Party.

11.5 Realization

The Debtor acknowledges and agrees that the Secured Party may realize upon various securities securing the Obligations or any part thereof in such order as it may be advised and any part thereof in such order as it may be advised and any such realization by any means upon any security or any part thereof shall

not bar realization upon any other security or the security hereby constituted or parts thereof.

11.6 No Merger

This Agreement will not operate to create any merger or discharge of any of the Obligations, or of any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest held or which may hereafter be held by the Secured Party from the Debtor or from any other person whomsoever. The taking of a judgment with respect to any of the Obligations will not operate as a merger of any of the covenants contained in this Agreement.

11.7 Extensions

The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests and otherwise deal with the Debtor, Account Debtors, sureties and others and with the Collateral and other security interests as the Secured Party may see fit without prejudice to the liability of the Debtor or the Secured Party's right to hold and realize on the security constituted by this Agreement.

11.8 Provisions Reasonable

The Debtor acknowledges that the provisions of this Agreement and, in particular, those respecting the rights, remedies and powers of the Secured Party or any Receiver against the Debtor, its business and any Collateral are commercially reasonable.

11.9 Appropriation of Payments

Any and all payments made in respect of the Obligations from time to time and monies realized from any security interests held therefor (including monies collected in accordance with or realized on any enforcement of this Agreement) may be applied to such part or parts of the Obligations as the Secured Party may see fit and the Secured Party may at all times and from time to time change any appropriation as the Secured Party may see fit.

11.10 No Representations

The Debtor acknowledges and agrees that the Secured Party has made no representations or warranties other than those contained in this Agreement.

11.11 Use of Collateral by Debtor

Save as provided in subsection 2.5, until an Event of Default occurs, the Debtor will be entitled to possess, operate, collect, use and enjoy the Collateral in any manner not inconsistent with the terms hereof.

11.12 Disclosure of Information

The Debtor hereby consents to the Secured Party, in compliance or purported compliance with any statutory disclosure requirements, disclosing information about the Debtor, this Agreement, the Collateral and the Obligations to any person the Secured Party believes is entitled to such information and the Debtor acknowledges and agrees that the Secured Party may charge and retain a fee and its costs incurred in providing such information.

11.13 Statutory Waivers

To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protections given by the provision of any existing or future statute which imposes limitations upon the powers, rights or remedies of a secured party or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute.

12 ENTIRE AGREEMENT

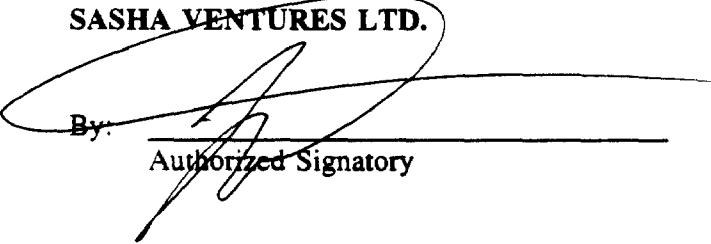
This Agreement with the Second Letter of Intent and the other agreements referred to herein constitutes the entire agreement between the parties and there are no other collateral agreements or representations made in connection with this Agreement other than as referred to herein.

13 TIME

Time is of the essence of this Agreement.

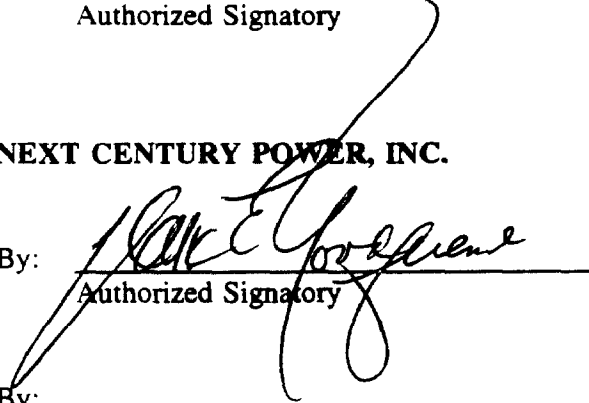
IN WITNESS of this Agreement, the parties have executed and delivered this Agreement as of the dated first written above.

SASHA VENTURES LTD.

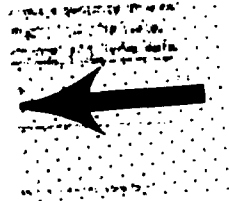
By: 
Authorized Signatory

By: _____
Authorized Signatory

NEXT CENTURY POWER, INC.

By: 
Authorized Signatory

By: _____
Authorized Signatory



**SIGN
HERE**

SCHEDULE "1"

to the Security Agreement between
Sasha Ventures Ltd. and Next Century Power, Inc.
dated for reference September 28, 1998

SPECIFIC PROPERTY

Not Applicable.

SCHEDULE "2"

to the Security Agreement between
Sasha Ventures Ltd. and Next Century Power, Inc.
dated for reference September 28, 1998

PERMITTED ENCUMBRANCES

The Security Interest granted pursuant to a General Security Agreement dated May 20, 1998 between Next Century Power, Inc. and Goepel McDermid Inc.

SCHEDULE "3"

to the Security Agreement between
Sasha Ventures Ltd. and Next Century Power, Inc.
dated for reference September 28, 1998

LOCATIONS OF COLLATERAL

NEXT CENTURY POWER, INC. of 1832 Rollins Road, Burlingame, California, 94010.