

09-21-2001



101851417

**RECORDATION FORM COVER SHEET
PATENTS ONLY**

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

New *09/14/01*

Resubmission (Non-Recordation)

Document ID#

Correction of PTO Error

Reel # Frame #

Corrective Document

Reel # Frame #

Conveyance Type

Assignment

Security Agreement

License

Change of Name

Merger

Other

U.S. Government

(For Use ONLY by U.S. Government Agencies)

Departmental File Secret File

Conveying Party (ies)

Mark if additional names of conveying parties attached

Name (line 1) Execution Date
Month Day Year

Name (line 2)

Second Party

Name (line 1)

Name (line 2)

Execution Date
Month Day Year

Receiving Party

Mark if additional names of receiving parties are attached

Name (line 1) If document to be recorded
is an assignment and the
receiving party is not
domiciled in the United
States, an appointment of
a domestic representative
is attached. (Designation
must be a separate
document from
Assignment.)

Name (line 2)

Address (line 1)

Address (line 2)

Address (line 3)
City State/Country Zip Code

Domestic Representative Name and Address

Enter for the first receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

FOR OFFICE USE ONLY

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Information Collection Budget Package 0651-0027, Patent and trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS

FORM PTO-1619B

Expires 06/30/99
OMB 0651-0027

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U.S. Department of Commerce
Patent and Trademark Office
PATENT

Correspondent Name and Address

Area Code and Telephone Number

(312) 701-8738

Name Douglas M. Eveleigh

Address (line 1) (cdore 01888746)

Address (line 2) Mayer, Brown & Platt

Address (line 3) P.O. Box 2828

Address (line 4) Chicago, IL 60690-2828

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

19

Application Number(s) or Patent Number(s)

Mark if additional numbers attached

Enter either the Patent Application Number of the Patent Number (DO NOT ENTER BOTH numbers for the same property).

Patent Application Number(s)

Patent Number(s)

			5080756	5075086	5955050

If this document is being filed together with a new Patent Application, enter the date the patent application was signed by the first named executing inventor.

Month Day Year

Patent Cooperation Treaty (PCT)

Enter PCT application number only if a U.S. Application Number has not been assigned.

PCT		PCT		PCT	
PCT		PCT		PCT	

Number of Properties

Enter the total number of properties involved.

3

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$ 120.00

Method of Payment:
Deposit Account

Enclosed

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

13 - 0019

Authorization to charge additional fees:

Yes

No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Douglas M. Eveleigh (Reg. No. 43426)
Name of Person Signing

Douglas M. Eveleigh
Signature

September 14, 2001
Date

GENERAL SECURITY AGREEMENT

THIS AGREEMENT effective the 18th day of July, 2001 made by **CHEMTRADE LOGISTICS INC.**, a corporation existing under the laws of the Province of Ontario (together with its successors and assigns, the "Grantor") in favour of **THE BANK OF NOVA SCOTIA**, as Collateral Agent under the Credit Documents acting on behalf of itself and the Lenders (the "Collateral Agent").

WHEREAS as general and continuing collateral security for the payment and fulfillment of the Secured Obligations, the Grantor has agreed, *inter alia*, to assign and pledge to the Collateral Agent all the Grantor's right, title, estate and interest in and to the Collateral.

NOW THEREFORE for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the Grantor agrees as follows:

1. Definitions: All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Credit Agreement. In addition, in this Agreement, unless the context otherwise requires, the following words and expressions shall have the meanings set forth below:

- (a) "Agreement" means this agreement as the same may hereafter be amended or supplemented from time to time;
- (b) "Computer Hardware and Software Collateral" means:
 - (i) all computer and other electronic data processing hardware, integrated computer systems, central processing units, memory units, display terminals, printers, features, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories and all peripheral devices and other related computer hardware;
 - (ii) all software programs (including both source code, object code and all related applications and data files), whether now owned, licensed or leased or hereafter acquired by the Grantor, designed for use on the computers and electronic data processing hardware described in clause (i) above;
 - (iii) all firmware associated therewith;
 - (iv) all documentation (including flow charts, logic diagrams, manuals, guides and specifications) with respect to such hardware, software and firmware described in the preceding clauses (i) through (iii); and
 - (v) all rights with respect to all of the foregoing, including, without limitation, any and all copyrights, licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights,

improvement rights, renewal rights and indemnifications and any substitutions, replacements, additions or model conversions of any of the foregoing;

(c) "Copyright Collateral" means:

- (i) all copyrights (including without limitation copyrights for semi-conductor chip product mask works and all integrated circuit topography) of the Grantor, whether statutory or common law, registered or unregistered, now or hereafter in force throughout the world, and all applications for registration thereof, whether pending or in preparation, and all copyrights resulting from such applications;
- (ii) all extensions and renewals of any thereof;
- (iii) all copyright licenses and other agreements providing the Grantor with the right to use any of the items of the type referred to in clauses (i) and (ii);
- (iv) the right to sue for past, present and future infringements of any of the Copyright Collateral referred to in clauses (i) and (ii) and, to the extent applicable, clause (iii); and
- (v) all proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages and proceeds of suit;

(d) "Credit Agreement" means the Credit Agreement effective July 18, 2001, among the Grantor and Chemtrade Logistics (US), Inc., as borrowers, the Lenders and the Collateral Agent, as such agreement may be amended, modified, supplemented, extended, renewed, restated or replaced from time to time;

(e) "Event of Default" means the occurrence of an event of default under the Credit Agreement;

(f) "Intellectual Property Collateral" means, collectively, the Copyright Collateral, the Patent Collateral, the Trademark Collateral and the Trade Secrets Collateral;

(g) "Lenders" means collectively The Bank of Nova Scotia, Canadian Imperial Bank of Commerce and CIBC Inc. and their respective successors and assigns;

(h) "Patent Collateral" means:

- (i) all letters patent and applications for letters patent throughout the world, including all patent applications in preparation for filing anywhere in the world including, without limitation, those patents described in Schedule "A" hereto;
- (ii) all reissues, divisions, continuations, continuations-in-part, extensions, renewals and re-examinations of any of the items described in clause (i);

- (iii) all patent licenses and other agreements providing the Grantor with the right to use any of the items of the type referred to in clauses (i) and (ii).
 - (iv) the right to sue third parties for past, present or future infringements of any patent or patent application, and for breach or enforcement of any patent license; and
 - (v) all proceeds of, and rights associated with, the foregoing (including license royalties and proceeds of infringement suits), and all rights corresponding thereto throughout the world;
- (i) "Secured Obligations" means all indebtedness, liabilities and obligations of the Grantor to the Secured Parties or any of them including, without limitation, pursuant to the Credit Agreement or any guarantee, present or future, direct or indirect, absolute or contingent, matured or not, joint, several or joint and several, at any time owing or remaining unpaid by the Grantor to the Secured Parties or any of them in any currency, whether arising from dealings between the Grantor and the Secured Parties or any of them or from other dealings or proceedings by which the Secured Parties or any of them may be or become in any manner whatever creditors of the Grantor and however incurred, and whether incurred by the Grantor alone or with another or others and whether as principal or surety, including all principal, interest, commissions, fees, including receiver's fees and expenses, legal costs (on a solicitor and his own client basis) and other costs, charges and expenses, and the payment of all costs and expenses incurred by the Secured Parties or any of them in enforcing any rights under this Agreement.
- (j) "Secured Parties" means the Collateral Agent and the Lenders and "Secured Party" means each of them.
- (k) "Trademark Collateral" means:
- (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade dress, service marks, logos, other source of business identifiers, prints and labels on which any of the foregoing have appeared or appear and designs (all of the foregoing items in this clause (i) being collectively called a "Trademark"), now existing anywhere in the world or hereafter adopted or acquired, whether currently in use or not, all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations, recordings and applications in the Canadian Trademarks Office or in any office or agency of Canada or any Province thereof or any foreign country, and all reissues, extensions or renewals thereof;
 - (ii) all Trademark licenses and other agreements providing the Grantor with the right to use any items of the type described in clause (i);

- (iii) all of the goodwill of the business connected with the use of, and symbolized by the items described in, clause (i);
- (iv) the right to sue third parties for past, present and future infringements of any Trademark Collateral described in clauses (i) and (ii); and
- (v) all proceeds of, and rights associated with, the foregoing, including any claim by the Grantor against third parties for past, present or future infringement or dilution of any Trademark, Trademark registration or Trademark license, or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark license and all rights corresponding thereto throughout the world; and

(1) "Trade Secrets Collateral" means all common law and statutory trade secrets and all other confidential or proprietary or useful information (to the extent such confidential, proprietary or useful information is protected by the Grantor against disclosure and is not readily ascertainable) and all know-how obtained by or used in or contemplated at any time for use in the business of the Grantor (all of the foregoing being collectively called a "Trade Secret"), whether or not such Trade Secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating or referring in any way to such Trade Secret, all Trade Secret licenses, and including the right to sue for and to enjoin and to collect damages for the actual or threatened misappropriation of any Trade Secret and for the breach or enforcement of any such Trade Secret license.

2. Headings: The division of this Agreement into Sections, subsections, paragraphs and clauses and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Section, subsection, paragraph or other portion of this Agreement. Unless something in the subject matter or context is inconsistent with any such reference, references in this Agreement to Sections, subsections, paragraphs, clauses and Schedules are to Sections, subsections, paragraphs, clauses and Schedules of this Agreement.

3. Statutory References: Any reference in this Agreement to any act or statute, or to any section of or any definition in any act or statute, will be deemed to be a reference to such act or statute or section or definition as amended or re-enacted from time to time.

4. Number and Gender: Words importing the singular number only will include the plural and *vice versa*, words importing gender will include all genders and words importing natural persons will include Persons and *vice versa*. Where any term or expression is defined in this Agreement, derivations of such term or expression will have a corresponding meaning.

5. Grant of Security: The Grantor hereby grants, assigns, transfers, sets over, grants a security interest, mortgages and charges to the Collateral Agent for the benefit of the Collateral Agent and the Lenders as and by way of a fixed and specific mortgage, charge and security interest in all of the real and personal property, assets and undertaking of the Grantor and in all

right, title and interest which the Grantor now has or may hereafter have in all of its assets, property and undertaking, including without limitation, assets, property and undertaking of the kinds hereinafter described (collectively, the "Collateral"):

- (a) all goods comprising the inventory of the Grantor, including but not limited to goods held for sale or lease or furnished or to be furnished under a contract of service or that are raw materials, work in progress or materials used or consumed in a business or profession or finished goods (hereinafter sometimes collectively referred to as "Inventory");
- (b) all goods which are not inventory or consumer goods, including but not limited to furniture, fixtures, equipment, machinery, plant, tools, vehicles and other tangible personal property (hereinafter sometimes collectively referred to as "Equipment");
- (c) all Computer Hardware and Software Collateral and all computer software, in object code or source code form or otherwise, and all leases, licenses and intellectual property rights, including but not limited to copyrights, in respect thereof;
- (d) all accounts, debts, demands and choses in action which are now due, owing or accruing due or which may hereafter become due, owing or accruing due to the Grantor and all claims of any kind which the Grantor now has or may hereafter have, including but not limited to claims against the Crown and claims under insurance policies (hereinafter sometimes collectively referred to together with intangibles and the Collateral described in paragraphs 1(f) and 1(k) as "Receivables");
- (e) all patents, trade marks and other intellectual property of the Grantor, together with the Copyright Collateral, the Trade Secrets Collateral, Patent Collateral and Trademark Collateral;
- (f) all chattel paper;
- (g) all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (h) all instruments, shares, stock, warrants, bonds, debentures, debenture stock or other securities;
- (i) all rights, contracts (including, without limitation, rights and interests arising thereunder or subject thereto), instruments, agreements, licences, permits, consents, leases, policies, approvals, development agreements, building contracts, performance bonds, purchase orders, plans and specifications all of which may or may not be personal property but may be rights which the Grantor has interests in, all as may be amended, modified, supplemented, replaced or restated from time to time;

- (j) all rents, present or future, under any lease or agreement to lease any part of the lands of the Grantor or any building, erection, structure or facility now or hereafter constructed or located on such lands, income derived from any tenancy, use or occupation thereof and any other income and profit derived therefrom;
- (k) all intangibles, including but not limited to all money, cheques, deposit accounts, letters of credit, advices of credit and goodwill;
- (l) with respect to the property described in subparagraphs 5(a) to 5(k) inclusive, all books, accounts, invoices, letters, papers, documents and other records in any form evidencing or relating thereto and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (m) with respect to the property described in subparagraphs 5(a) to 5(l) inclusive, all substitutions and replacements thereof and increases, additions and accessions thereto; and
- (n) with respect to the property described in subparagraphs 5(a) to 5(m) inclusive, all proceeds therefrom including personal property in any form or fixtures derived directly or indirectly from any dealing with such property or proceeds therefrom and any insurance or other payment as indemnity or compensation for loss of or damage to such property or any right to such payment, and any payment made in total or partial discharge or redemption of an intangible, chattel paper, instrument or security;

provided, however, the security interest created shall not charge, encumber, create a lien upon or otherwise mortgage any consumer goods which the Grantor may own. In this section, the words "account", "goods", "consumer goods", "inventory", "equipment", "chattel paper", "document of title", "instrument", "securities", "intangible" and "accessions" shall have the same meanings as their defined meanings in the *Personal Property Security Act* of the Province of Ontario, as amended from time to time (the "PPSA"), and "Collateral" means the Collateral or any part thereof.

Notwithstanding the foregoing, "Collateral" shall not include any leases, licences or permits (or rights thereunder), contract rights or intellectual property rights as to which the grant of a security interest would constitute a violation or breach of a valid and enforceable restriction on such grant (hereinafter called the "Restricted Assets") unless and until any required consents shall have been obtained or restrictions have been waived. The Grantor agrees to use its best efforts to obtain any such required consents. Until such time as such consents have been obtained, the Restricted Assets shall be held in trust by the Grantor for the benefit of the Secured Parties.

The said mortgage, charge and security interest shall not extend or apply to the last day of the term of any lease or any agreement therefor now held or hereafter acquired by the Grantor but should such mortgage, charge and security interest become enforceable, the Grantor shall thereafter stand possessed of such last day and shall hold it in trust to assign the same to any person acquiring such term or the part thereof mortgaged and charged in the course of any

enforcement of the said mortgage, charge and security or any realization of the subject matter thereof.

6. Security Purpose of Agreement: The fixed and specific mortgages and charges and the security interest granted under this Agreement secure payment and performance of all Secured Obligations. Upon the payment in full of all Secured Obligations and the cancellation of the Commitments, the Collateral shall be released from all Liens created hereby and this Agreement and all obligations of the Grantor hereunder shall terminate. Following any such termination the Collateral Agent shall deliver to the Grantor any Collateral held by the Collateral Agent hereunder, and execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence such termination provided that the Grantor shall be liable for all costs and expenses of the Collateral Agent (including legal fees and disbursements) incurred in connection with same.

7. Representations and Warranties: The Grantor hereby represents and warrants to the Secured Parties that:

- (a) all of the representations and warranties contained in the Credit Agreement, as they pertain to the Grantor, including, without limitation, by reference to Credit Parties, and including, without limitation, those contained in Article 9 of the Credit Agreement, are true, correct and complete in all material respects as of the date hereof;
- (b) this Agreement has been properly authorized and constitutes a legal, valid and binding obligation of the Grantor enforceable in accordance with its terms except as may be limited by applicable bankruptcy, insolvency, moratorium, and other laws affecting creditors' rights generally and except that orders for specific performance, injunctions and other equitable remedies are discretionary remedies which may be granted only in the discretion of the court;
- (c) with respect to any Intellectual Property Collateral the loss, impairment or infringement of which might have a materially adverse effect on the financial condition, operation, assets, business, properties or prospects of the Grantor:
 - (i) such Intellectual Property Collateral is subsisting and has not been adjudged invalid or unenforceable, in whole or in part;
 - (ii) such Intellectual Property Collateral is valid and enforceable;
 - (iii) except as disclosed in writing to the Secured Parties, the Grantor has made all necessary and material filings and recordings in Canada or the United States of America, as applicable, to protect its interest in such Intellectual Property Collateral; and
 - (iv) except as disclosed in writing to the Secured Parties, the Grantor is the exclusive owner of the entire right, title and interest in and to such Intellectual Property Collateral owned by the Grantor and is entitled to use the Intellectual Property Collateral leased or licensed to the Grantor and,

to its knowledge, no claim has been made that the use of such Intellectual Property Collateral does or may violate the asserted rights of any third party.

The Grantor owns directly or is entitled to use by license or otherwise, all patents, Trademarks, Trade Secrets, copyrights, integrated circuit topography, mask works, licenses, technology, know-how, processes and rights with respect to any of the foregoing that is material to the conduct of the Grantor's business:

- (d) this Agreement creates a valid security interest in the Collateral;
- (e) except as disclosed in writing to the Secured Parties, no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either
 - (i) for the grant by the Grantor of the security interest granted hereby in the Collateral or for the execution, delivery and performance of this Agreement by the Grantor, or
 - (ii) for the perfection of or the exercise by the Secured Parties of their rights and remedies hereunder in the Province of Ontario.

except for such filings as have been made and are in full force and effect and except to the extent that the Collateral includes claims against the Crown to which the provisions of the *Financial Administration Act* (Canada) or similar provincial legislation apply.

8. Covenants: The Grantor hereby agrees that, so long as any portion of the Secured Obligations shall remain unpaid and the Commitments are not terminated, the Grantor will perform the obligations set forth in this section:

- (a) the Grantor hereby agrees to be bound by the covenants in the Credit Agreement as they relate to the Grantor, including, without limitation, by reference to Credit Parties and including, without limitation, such covenants as are contained in Articles 9 and 11 of the Credit Agreement as if an original party thereto;
- (b) the Grantor shall prevent the Collateral from becoming an accession to any personal property not subject to this agreement or becoming affixed to any real property, without the prior written consent of the Collateral Agent;
- (c) the Grantor shall not change its name or adopt a business or trade name except upon 15 days' prior written notice to the Collateral Agent;
- (d) upon the request of the Collateral Agent, the Grantor shall deliver to the Collateral Agent possession of all originals of all negotiable documents, instruments and chattel paper owned or held by the Grantor (duly endorsed in blank, if requested by the Collateral Agent);

- (e) the Grantor shall, upon request by the Collateral Agent, execute and deliver all such financing statements, certificates, further assignments and documents and do all such further acts and things as may be necessary and requested by the Collateral Agent to give effect to the intent of this Agreement:
- (f) the Grantor will immediately notify the Secured Parties if any person, firm or corporation has the right to go into, collect or seize possession of the Collateral by means of execution, garnishment or other legal process:
- (g) the Grantor shall:
 - (i) except for property and assets which in the aggregate are of negligible value to the Grantor, keep all the Equipment and all other tangible personal property of the Grantor in jurisdictions in Canada in which all filings have been duly made for the perfection of the security interests created hereby and are in full force and effect and in which this Agreement creates a valid and enforceable security interest in the Collateral:
 - (ii) with respect to any Equipment or Inventory in the possession or control of any third party, upon the request of the Collateral Agent, notify such third party of the Secured Parties' security interest in such Equipment or Inventory and, upon the Collateral Agent's request following the occurrence of an Event of Default, direct such third party to hold all such Equipment or Inventory for the Secured Parties' account and subject to the Collateral Agent's instructions:
 - (iii) cause the Equipment to be maintained and preserved in repair and functional working order (reasonable wear and tear excepted):
- (h)
 - (i) the Grantor shall not move its chief executive office outside of Ontario except upon 15 days' prior written notice to the Collateral Agent and, in such event, (A) only to another Province in Canada, and (B) only if the security interest created hereby continues to constitute a valid, enforceable and perfected security interest in all intangible property of the Grantor including, without limitation, Receivables. The Grantor shall hold and preserve its records concerning Receivables:
 - (ii) if an Event of Default shall have occurred, at the direction of the Collateral Agent, all proceeds of Collateral received by the Grantor shall be delivered in kind to the Collateral Agent for deposit to a deposit account (the "Collateral Account") of the Grantor maintained with the Collateral Agent, and the Grantor shall hold all such proceeds in express trust for the benefit of the Secured Parties until delivery thereof is made to the Collateral Agent. No funds, other than proceeds of Collateral, will be deposited in the Collateral Account: and

- (iii) following the Secured Parties' exercise of the remedy provided for in paragraph (ii) of this Section 8, the Secured Parties shall have the right to apply any amount held in the Collateral Account in accordance therewith to the payment of any Obligations which are due and payable or payable upon demand, or to the payment of any Obligations at any time that an Event of Default shall have occurred.
- (i) the Grantor shall not do any act, or omit to do any act, whereby any of the Patent Collateral may lapse or become abandoned or dedicated to the public or unenforceable;
- (j) the Grantor shall not:
 - (i) discontinue the use of any of the Trademark Collateral in respect of which a registration has been made by the Grantor, in order to maintain all of such Trademark Collateral in full force free from any claim of abandonment for non-use.
 - (ii) fail to maintain as in the past the quality of products and services offered under such Trademark Collateral, and shall use its best efforts to require its licensees to maintain as in the past the quality of products and services offered under any such Trademark Collateral that is subject to license agreements.
 - (iii) fail to employ all of such Trademark Collateral registered with any Canadian or foreign authority with an appropriate notice of such registration, to the extent required to preserve such Trademark Collateral and the Grantor's rights therein, and
 - (iv) do or permit any act or knowingly omit to do any act whereby any of such Trademark Collateral may lapse or become invalid or unenforceable:
- (k) the Grantor shall defend the title to the Collateral against all persons and shall, upon demand by any of the Secured Parties furnish further assurance of title and execute any written instruments or do any other acts necessary to make effective the purposes and provisions of this Agreement.

9. Permitted Use, Access: Unless an Event of Default has occurred, the Grantor may use the Collateral in any lawful manner not inconsistent with this Agreement; and the Collateral Agent and its representatives shall have the right to inspect the operations of the Grantor, its books and records and the Collateral.

10. Registered Title to Collateral: The Secured Parties may have any Collateral comprising instruments, shares, stock, warrants, bonds, debentures, debenture stock or other securities, registered in their names or in the name of their nominee but, subject to applicable law, the Secured Parties shall not be responsible for any loss occasioned by the exercise of any of such rights or by failure to exercise the same.

11. Acts of Secured Parties: Upon the Grantor's failure to perform any of its duties hereunder, such failure being material to the rights or remedies of the Secured Parties in their determination made in good faith, the Secured Parties may, but shall not be obliged to, perform any or all of such duties, without waiving any rights to enforce this Agreement, and the Grantor shall pay to the Secured Parties, forthwith upon written demand therefor, an amount equal to the costs, fees and expenses incurred by the Secured Parties in so doing plus interest thereon from the date such costs, fees and expenses are incurred until paid at the highest rate set forth in the Credit Agreement.

12. Remedies on Default: Upon the occurrence of an Event of Default, the security hereby granted shall immediately become enforceable and the Secured Parties may, in their sole discretion, forthwith or at any time thereafter:

- (a) declare any or all of the Obligations not then due and payable to be immediately due and payable by giving notice in writing thereof to the Grantor and, in such event, such Obligations shall be forthwith due and payable to the Lenders;
- (b) commence legal action to enforce payment or performance of the Obligations;
- (c) require the Grantor, by notice in writing given by the Collateral Agent to the Grantor, to disclose to the Secured Parties the location or locations of the Collateral and the Grantor agrees to make such disclosure when so required by the Secured Parties;
- (d) require the Grantor, at the Grantor's expense, to assemble the Collateral at a place or places designated by notice in writing given by the Collateral Agent to the Grantor, and the Grantor agrees to so assemble the Collateral;
- (e) enter any premises where the Collateral may be situate and take possession of the Collateral by any method permitted by law;
- (f) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Grantor or otherwise;
- (g) seize, collect, realize or dispose of the Collateral by private sale, public sale, lease, or otherwise upon such terms and conditions as the Secured Parties may determine or otherwise deal with the Collateral or any part thereof in such manner, upon such terms and conditions and of such times as may seem to the Secured Parties advisable;
- (h) carry on all or any part of the business or businesses of the Grantor and may, to the exclusion of all others, enter upon, occupy and use all or any of such premises, buildings, plant, undertaking and other property of or used by the Grantor as part of or for such time and in such manner as the Secured Parties see fit, free of charge, and other than for acts of gross negligence, wilful misconduct or fraud the Secured Parties shall not be liable to the Grantor for any act, omission, or negligence in so doing or for any rent, charges, depreciation, damages or other

amount in connection therewith or resulting therefrom and any sums expended by the Secured Parties shall bear interest at the highest rate set forth in the Credit Agreement:

- (i) file such proofs of claim or other documents as may be necessary or desirable to have its claim lodged in any bankruptcy, winding-up, liquidation, dissolution or other proceedings (voluntary or otherwise) relating to the Grantor;
- (j) borrow money for the purpose of carrying on the business of the Grantor or for the maintenance, preservation or protection of the Collateral and mortgage, charge, pledge or grant a security interest in the Collateral, whether or not in priority to the security created herein, to secure repayment of any money so borrowed;
- (k) where the Collateral has been disposed of by the Secured Parties as provided in subsection 12(g), commence legal action against the Grantor for any deficiency;
- (l) pay or discharge any mortgage, charge, encumbrance, lien, adverse claim or security interest claims by any person, firm or corporation in the Collateral and the amount so paid shall be added to the Secured Obligations and secured hereby and shall bear interest at the highest rate of interest charged by the Lenders at that time in respect of any of the Secured Obligations until payment thereof.

13. Notice of Disposition: Where required to do so by the PPSA or other applicable law, the Secured Parties shall give to the Grantor the written notice required by the PPSA or other applicable law of any intended disposition of the Collateral.

14. Collection; Release: Following the occurrence of an Event of Default, the Collateral Agent may notify any parties obligated on any of the Collateral to make any payment to the Collateral Agent of any amounts due or to become due thereunder and enforce collection of any of the Collateral by suit or otherwise and surrender, release, or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder or evidenced thereby and give valid and binding receipts and discharges therefor. Following the occurrence of an Event of Default, upon request of the Collateral Agent, the Grantor will, at its own expense, notify any parties obligated on any of the Collateral to make any payment to the Collateral Agent of any amounts due to become due thereunder.

15. Appointment of a Receiver: If the Secured Parties are entitled to exercise their rights and remedies in accordance with section 12 hereof, the Secured Parties may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term shall include a receiver and manager) of the Collateral or may by appointment in writing appoint any person to be a receiver of the Collateral and may remove any receiver so appointed by the Secured Parties and appoint another in his stead; and any such receiver appointed by instrument in writing shall have, in addition to powers of the Secured Parties hereunder, the power (a) to take possession of the Collateral, (b) to carry on the business of the Grantor, (c) to borrow money required for the maintenance, preservation or protection of the Collateral or for the carrying on of

the business of the Grantor on the security of the Collateral in priority to the security interest created under this Agreement, and (d) to sell, lease or otherwise dispose of the whole or any part of the Collateral at public auction, by public tender or by private sale, either for cash or upon credit, at such time and upon such terms and conditions as the receiver may determine; provided that, to the extent permitted and in the manner prescribed by law any such receiver shall be deemed the agent of the Grantor and no Secured Party shall be in any way responsible for any misconduct or negligence of any such receiver.

16. Other Remedies Cumulative: The remedies provided in this Agreement are cumulative and in addition to (and not in substitution for, exclusive of nor dependent on) any other remedies contained herein or in any other Credit Document and to all other remedies existing at law or in equity or by statute.

17. Application of Proceeds: Any proceeds of any disposition of any Collateral may be applied by the Secured Parties to the payment of expenses incurred in connection with retaking, holding, repairing, processing, preparing for disposition and disposing of the Collateral (including solicitor's fees on a solicitor-client basis and legal expenses and any other expenses), and any balance of such proceeds may be applied by the Secured Parties towards the payment of the Secured Obligations in such order of application as the Secured Parties may from time to time elect. All such expenses and all amounts borrowed on the security of the Collateral under section 15 hereof shall bear interest at the highest rate set forth in the Credit Agreement. If the disposition of the Collateral fails to satisfy the Secured Obligations and the expenses incurred by the Secured Parties, the Grantor shall be liable to pay any deficiency to the Secured Parties on demand.

18. Set-Off: Without in any way limiting any other rights or remedies available to the Secured Parties, the Secured Parties shall have the right (but shall not be obligated), at any time and from time to time after the occurrence of an Event of Default and without notice to the Grantor (such notice being expressly waived by the Grantor), to set off against the Secured Obligations or any of them deposits (general or special) or moneys then held by such Secured Party to, or held by such Secured Party for the credit of, the Grantor, regardless of the currency in which such indebtedness is denominated and notwithstanding that such indebtedness is not then due.

19. Waiver and Acknowledgement: The Grantor and the Secured Parties further agree that:

- (a) the Grantor shall not be discharged by an extension of time, additional advances, renewals and extensions, the taking of further security, releasing security, extinguishment of the security interest as to all or any part of the Collateral, or any other act except a release or discharge of the security interest upon the full payment of the Secured Obligations including charges, expenses, fees, costs and interest,
- (b) any of the Secured Parties or a receiver appointed pursuant to this Agreement may grant extensions of time and other indulgences, take and give up or abstain from perfecting or taking advantage of securities, accept compositions, compound,

compromise, settle, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor, sureties and others and with the Collateral and other security as such Secured Party or such receiver may see fit without prejudice to the liability of the Grantor under the Secured Obligations or the right of such Secured Party and such receiver to hold the Collateral and realize upon the security interest created hereby:

- (c) any failure by the Secured Parties to exercise any right set out in this Agreement shall not constitute a waiver thereof: nothing in this Agreement or in the Secured Obligations shall preclude any other remedy by action or otherwise for the enforcement of this Agreement or the payment in full of the Secured Obligations.
- (d) all rights of the Secured Parties hereunder shall be assignable and participations may be made to the extent permitted under the Credit Agreement: and
- (e) value has been given by the Secured Parties for the granting of the security interest created by this Agreement, the Grantor has rights in the Collateral (other than future and hereafter acquired Collateral) and the security interest created by this Agreement is intended to attach when this Agreement is signed by the Grantor with respect to all items of Collateral in which the Grantor has rights at that moment, and shall attach to all other Collateral immediately upon the Grantor acquiring any rights therein.

20. Acknowledgement of Receipt: The Grantor acknowledges having received an executed copy of this Agreement and of the Credit Agreement.

21. Further Assurances: The Grantor agrees that forthwith upon request by the Collateral Agent, from time to time at its own expense, the Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary and requested by the Collateral Agent in order to perfect, preserve and protect any security interest granted or purported to be granted hereby or to enable the Secured Parties to exercise and enforce their rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Grantor will:

- (a) if requested by the Collateral Agent, mark conspicuously each chattel paper included in the Receivables and each related contract with a legend, in form and substance satisfactory to the Collateral Agent, indicating that such document, chattel paper or related contract is subject to the security interest granted hereby;
- (b) if requested by the Collateral Agent, if any Receivable shall be evidenced by a promissory note or other instrument, negotiable document or chattel paper, deliver and pledge to the Collateral Agent hereunder such promissory note, instrument, negotiable document or chattel paper duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to the Collateral Agent.

- (c) execute and file such financing or financing change statements, or amendments thereto, and such other instruments or notices (including, without limitation, any assignment of claim form or other formality under or pursuant to the *Financial Administration Act* (Canada)), as may be necessary and requested by the Collateral Agent in order to perfect and preserve the security interests and other rights granted or purported to be granted to the Secured Parties hereby; and
- (d) furnish to the Collateral Agent, from time to time at the Collateral Agent's request, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent may request, all in reasonable detail.

With respect to the foregoing and the grant of the security interest hereunder, the Grantor hereby authorizes the Collateral Agent on behalf of the Secured Parties to file one or more financing or financing change statements, and amendments thereto, relative to all or any part of the Collateral without the signature of the Grantor where permitted by law. The Collateral Agent shall provide a copy of such statement to the Grantor together with details of registration thereof. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

22. Appointment as Attorney: The Grantor hereby irrevocably constitutes and appoints the Collateral Agent and each of its officers holding office from time to time as the true and lawful attorney of the Grantor with power of substitution in the name of the Grantor, such appointment to become effective upon the occurrence and during the continuance of an Event of Default and upon notice given by the Collateral Agent, to do any and all such acts and things or execute and deliver all such agreements, documents and instruments as the Collateral Agent, in its sole discretion, considers necessary or desirable to carry out the provisions and purposes of this Agreement or to exercise any of its rights and remedies hereunder, and to do all acts or things necessary to realize or collect the proceeds, including, without limitation:

- (a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;
- (b) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above;
- (c) to file any claims or take any action or institute any proceedings which the Collateral Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Secured Parties with respect to any of the Collateral; and
- (d) to perform the affirmative obligations of the Grantor hereunder.

The Grantor hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this Section is irrevocable (until termination of the security interest hereunder) and coupled with an interest. The Grantor hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with this paragraph.

23. No Duty: The powers conferred on the Secured Parties hereunder are solely to protect their interests in the Collateral and shall not impose any duty on them to exercise any such powers. Except for care of any Collateral in their possession and the accounting for moneys actually received by them hereunder, the Secured Parties shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral

24. No Waiver: No delay or omission to exercise any right or remedy accruing to any Secured Party upon any breach or default by the Grantor hereunder shall impair any such right or remedy by such Secured Party or any of them nor be construed by a waiver of any such breach or default or of any similar breach or default thereafter occurring, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver of a single breach or default shall operate or be construed as a waiver of any subsequent breach or default. All waivers hereunder must be in writing and signed by the waiving party.

25. Expenses: The Grantor shall pay all reasonable costs of filing of any financing, continuation or termination statements with respect to the Collateral deemed by Secured Parties and their counsel to be necessary or advisable (acting reasonably) in order to perfect or protect the liens and security interests hereby created or intended so to be and to release the same upon full and final repayment and satisfaction of all of the Secured Obligations. The Grantor agrees that the Collateral and all costs and charges incurred by or on behalf of the Secured Parties in the realization of this security (including all legal fees on a solicitor and his own client basis and court costs and all expenses of taking possession of, protecting, insuring and realizing upon the this security and all costs and charges in connection with realizing, collecting, selling, transferring, delivering or obtaining payment of this security or any part thereof) shall be added to and form part of the Secured Obligations and shall be a first charge upon the proceeds of any such realization, collection, sale, transfer, delivery or obtaining of payment.

26. Additional Security: The security in respect of the Collateral provided for hereunder is in addition to and not in substitution for any other security now or hereafter held by the Secured Parties in relation to the Secured Obligations.

27. Notice: Any notice or communication to be given under this may be effectively given by delivering the same at the addresses set out, in the case of the Collateral Agent and the Lenders, on the signature pages of the Credit Agreement and, in the case of the Grantor on the signature pages of this Agreement or by sending the same by facsimile or prepaid registered mail to the parties at such addresses. Any notice or communication so mailed shall be deemed to have been received on the fifth Business Day next following the mailing of such notice, provided that postal service is in normal operation during such time. Any notice or communication sent by facsimile or delivered shall be deemed to have been received on transmission or delivery if sent or delivered during normal business hours on a Business Day and, if not, on the next Business Day following transmission or delivery. Any party may from time to time notify the other parties, in accordance with the provisions of this Agreement, of any change of its address which after such notification, until changed by like notice, shall be the address of such party for all purposes of this Agreement.

28. Entire Agreement: This Agreement and all other Credit Documents constitute the entire agreement between the parties to this Agreement with respect to the matters contemplated in this Agreement as of the date of this Agreement, and supersedes all prior agreements, understandings, drafts of Credit Documents, negotiations and discussions, whether oral or written, with respect to such matters.

29. Severability: If any term, covenant, obligation or agreement contained in this Agreement, or the application of any such term, covenant, obligation or agreement to any Person or circumstance, shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant, obligation or agreement to Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected by such invalidity or unenforceability and each term, covenant, obligation or agreement contained in this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

30. Survival: All representations, warranties, covenants and agreements made in this Agreement or in any certificate or other document given pursuant hereto are material, shall be deemed to have been relied upon by the Secured Parties notwithstanding any investigation heretofore or hereafter made by the Secured Parties or their respective counsel or any representative of them and shall survive the execution and delivery of this Agreement and all such representations, warranties, covenants and agreements shall continue in full force and effect without limitation unless and until this Agreement is released and discharged in accordance with section 6 hereof.

31. Time of the Essence: Time shall be of the essence in this Agreement.

32. Amendment: No amendment of this Agreement shall be binding unless in writing and signed by all the parties that are, at the time of the amendment, parties hereto.

33. Successors and Assigns: All rights of the Secured Parties hereunder shall enure to the benefit of their respective successors and permitted assigns in accordance with the terms of the Credit Agreement and all obligations of the Grantor hereunder shall bind the Grantor and its successors and assigns.

34. Amalgamation: The Grantor acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the security interest created hereby (i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation, such that the term the "Grantor" when used herein would apply to each of the amalgamating corporations and the amalgamated corporation and (ii) shall secure the "Secured Obligations" (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Secured Parties at the time of amalgamation and any "Secured Obligations" of the amalgamated corporation to the Secured Parties thereafter arising. The security interest shall attach to the additional "Collateral" at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.


35. Collateral Agent and Lenders: The Grantor hereby acknowledges that the Collateral Agent acts for and on behalf of each of the Lenders as agent in connection with the Credit Agreement and the assignments, transfers, pledges, hypothecations and other security interests granted in favour of the Collateral Agent and the Lenders hereunder are and shall be held by the Collateral Agent for the benefit of the Lenders, including itself.

36. Governing Law: The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable in such province, unless otherwise specified therein. For the purpose of any legal actions or proceedings brought by the parties hereto in respect of this Agreement, the Grantor hereby irrevocably submits to the non-exclusive jurisdiction of any competent federal or provincial court or tribunal in the Province of Ontario and acknowledges their competence and the convenience and propriety of the venue and agrees to be bound by any judgement thereof and not to seek, and hereby waives, any review of its merits by the courts of any other jurisdiction; provided, however, that the foregoing shall not prevent the Collateral Agent or any Lender from suing in the courts of any country or place where the assets of the Grantor may be found.

37. Conflict: In the event of a conflict in or between the provisions of this Agreement and the provisions of the Credit Agreement then, notwithstanding anything contained in this Agreement, the provisions of the Credit Agreement will prevail and the provisions of this Agreement will be deemed to be amended to the extent necessary to eliminate such conflict.

IN WITNESS WHEREOF the Grantor has caused this Agreement to be executed by its officer thereunto duly authorized effective as of the date first above written.

CHEMTRADE LOGISTICS INC.

Per: 
Name: Mark Davis
Title: President

Address:

Attention:

Facsimile No.:

SCHEDULE "A"

PATENTS

II CANADIAN PATENTS

<u>Name</u>	<u>Country</u>	<u>Patent No.</u>	<u>Issued</u>
Vapourizing Liquid Sulphur Dioxide by Microwave Radiation	CA	1234745	Apr. 5, 1998
Generation of Sulphur Trioxide from Oleum using Microwave Energy	CA	1237572	Jun 7, 1988
Improved Kraft Pulping Process	CA	1332862	Nov. 8, 1994
Stabilized Concentrated Sulphuric Acid Compositions	CA	1334123	Jan. 31, 1995
Chlorine Dioxide Generation	CA	1338503	Aug. 6, 1996
Decolourization of Sulphuric Acid	CA	2002313	Mar. 23, 1999
NOx Destruction In Sulphuric Acid	CA	Appln No. 2134270	Pending

I U.S. PATENTS

<u>Name</u>	<u>Country</u>	<u>Patent No.</u>	<u>Issued</u>
Improved Kraft Pulping Process	US	5080756	Jan. 14, 1992
Stabilized Concentrated Sulphuric Acid Compositions	US	5075086	Dec. 24, 1991
NOx Destruction In Sulphuric Acid	US	5955050	Sep. 21, 1999

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