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Form PT-1595
(Rev. 10/02)

REC

U.S. DEPARTMENT OF COMMERCE
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OMB No. 0651-0027 (exp. 6/30/2005)

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

1. Name of conveying party(ies):

AURA SYSTEMS, INC., a Delaware corporation

1.29.04

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

3. Nature of conveyance:

☐

Assignment

☐

Merger

☒

Security Agreement

☐

Change of Name

☐

Other _____

Execution Date: 01 / 19 / 2004

2. Name and address of receiving party(ies)

Name: (1) EDGAR APPLEBY (2) PRUDENT BEAR FUND, INC.

Internal Address: -- SEE ATTACHED PAGE --

Street Address: _____

City: _____ State: _____ Zip: _____

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) 09/938,967

B. Patent No.(s) _____

Additional numbers attached? ☐ Yes ☒ No

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

Name: Chris J. Hogstad -or- Steven M. Bertone

Internal Address: _____

Paine Hamblen Coffin Brooke & Miller LLP

Street Address: _____

717 W. Sprague Ave, Suite 1200

City: Spokane State: WA Zip: 99201-3505

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: _____

DO NOT USE THIS SPACE

9. Signature.

Steve Bertone

Name of Person Signing

Signature

1/28/04

Date

Total number of pages including cover sheet, attachments, and documents: 3 (4 if check included)

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Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignments
Washington, D.C. 20231PATENT
REEL: 014931 FRAME: 0670

Form PTO-1595 (Additional names & addresses attachment)

2. Name and address of receiving party(ies)

(The parties below are joint receiving parties, with their respective addresses shown beneath.)

Name:	(1) Mr Edgar Appleby	(2) Prudent Bear Fund Inc.
Internal Address:	Peacock Point	Gregg Jahnke, Suite 300
Street Address:	Locust Valley, NY 11560	8140 Walnut Hill Lane
		Dallas, TX 7520

**NOTICE OF GRANT OF SECURITY INTERESTS
IN PATENTS & PATENT APPLICATIONS**

WHEREAS, AURA SYSTEMS, INC., a Delaware corporation, (the "Debtor"), is the duly assigned owner of the patents and patent applications listed herein, and further is authorized to grant and has granted security interests in the patents and patent applications listed herein subject to a senior security interest previously granted by Debtor to KOYAH LEVERAGE PARTNERS, L.P., a Delaware limited partnership in its capacity as collateral agent for itself and for KOYAH PARTNERS, L.P., a Delaware limited partnership, (the "Koyah Security Interest");

WHEREAS, EDGAR APPLEBY, an individual, and PRUDENT BEAR FUND, INC., a Maryland corporation (collectively the "Secured Parties"), are authorized to accept the aforementioned grant of security interests from the Debtor;

NOW, THEREFORE, be advised that pursuant to certain Security Agreements dated as of January 19, 2004 (as amended, restated, modified, renewed, supplemented or extended from time to time, the "Security Agreements") made by Debtor in favor of Secured Parties, Debtor has granted to the Secured Parties a continuing security interest in and continuing lien upon the patents and patent applications shown below:

Domestic Patent Registrations

<i>Reg. Number</i>	<i>Title</i>
4,892,328	Electromagnetic Strut Assembly
4,912,343	Electromagnetic Actuator
4,969,662	Active Damping System for an Automobile Suspension
4,979,789	Continuous Source Scene Projector
5,032,906	Intensity Calibration Method for Scene Projector
5,035,475	Unique Modulation Television
5,085,497	Method for fabricating mirror array for Optical Projection System
5,099,158	Electromagnetic Actuator
5,126,836	Actuated Mirror Optical Intensity Modulation
5,135,070	Active Hydraulic Pressure Control
5,138,309	Electronic Switch Matrix for a Video Display System
5,150,205	Actuated Mirror Optical Intensity Modulation
5,159,225	Piezoelectric Actuator
5,162,767	High Efficiency Solenoid
5,175,465	Piezoelectric and Electrostrictive Actuators
5,185,660	Actuated Mirror Optical Intensity Modulation
5,187,398	Electromagnetic Actuator
5,207,239	Variable Gain Servo Assist
5,212,977	Electromagnetic Re-draw Sleeve Actuator
5,222,714	Electromagnetically Actuated Valve
5,245,369	Scene Projector
5,260,798	Pixel Intensity Modulator
5,278,953	Machine Tool Fixture Computer Aided Setup
5,285,995	Optical Table Active Leveling and Vibration Cancellation System
5,307,665	Electromagnetic Re-draw Sleeve Actuator
5,309,050	Ferromagnetic Wire Electromagnetic Actuator
5,325,699	Electromagnetic Re-draw Sleeve Actuator

5,334,265 Magnetic Material
5,341,054 Low Mass Electromagnetic Actuator
5,350,153 Core Design for Electromagnetic Actuated Valve
5,352,101 Electromagnetically Actuated Compressor Valve
5,354,185 Electromagnetically Actuated Reciprocating Compressor Driver
5,355,108 Electromagnetically Actuated Compressor Valve
5,481,396 Thin Film Actuated Mirror Array
5,548,263 Electromagnetically Actuated Valve
5,589,084 Thin Film Actuated Mirror Array
5,616,982 Piezoelectric Actuator
5,689,380 Thin Film Actuated Mirror Array for Providing Double Tilt Angle
5,710,657 Monomorph Thin Film Actuated Mirror Array
5,720,468 Staggered Electromagnetically Actuated Valve Design
5,721,694 Non-linear Deterministic Stochastic Filtering Method and System
5,734,217 Induction Machine using Ferromagnetic Conducting Material in Rotor
5,768,392 Blind Adaptive Filtering of Unknown Signals in Unknown Noise in Quasi-closed Loop System
5,768,395 Double Ended Field Coil Actuator
5,772,179 Hinged Armature Electromagnetically Actuated Valve
5,780,958 Piezoelectric Vibrating Device
5,782,454 Electromagnetically Actuated Valve
5,796,377 Video Display System having an Electronic Switch Matrix for controlling an MSN array of Piezoelectric Members
5,822,370 Compression/Decompression for Preservation of High Fidelity Speech Quality at Low Bandwidth
5,898,244 Dual Directional Field Coil Actuator
6,032,113 N-Stage Predicted Feedback-Based Compression and Decompression of Spectra of Stochastic Data Using Convergent Incomplete Autoregressive Models
6,157,175 Mobile Power Generation System
6,158,403 Servo Control System for an Electromagnetic Valve Actuator used in an Internal Combustion Engine
6,267,351 Electromagnetic Valve Actuator with Mechanical End Position Clamp or Latch
D 355,751 Video Game Accessory Vest
D 393,447 Adapter Plug
5,097,510 Artificial Intelligence Pattern Recognition-based Noise Reduction System for Speech Processing
5,140,640 Noise Cancellation System
5,589,725 Monolithic Prestressed Ceramic Devices and Method for making same
4,998,441 Force and Torque Measurement System
5,321,762 Voice Coil Actuator
5,418,860 Voice Coil Excursion and Amplitude Gain Control Device
5,424,592 Electromagnetic Transducer
5,434,458 Voice Coil Actuator
5,536,984 Voice Coil Actuator
5,539,262 Axially Focused Radial Magnet Voice Coil Actuator
5,624,155 Electromagnetic Transducer
5,652,801 Resonance Damper for Piezoelectric Transducer
5,727,076 Audio Transducer having Piezoelectric Device
5,736,808 Piezoelectric Speaker
5,786,741 Polygon Magnet Structure for Voice Coil Actuator
6,082,315 Electromagnetic Valve Actuator

D 363,270	Adapter Plug
D 364,162	Amplifier Housing
D 364,167	Speaker Motor Case
D 394,063	Pair of Speaker Enclosures
D 396,723	Speaker Basket
D 449,828	Speaker Basket

Domestic Patent Applications

<i>Serial Number</i>	<i>Title</i>
09/799,973	Switched Reluctance Motor Delivering Constant Torque From Three Phase Sinusoidal Voltages
09/939,116	Mobile power generation system
09/938,967	Bi-directional power supply circuit

Foreign Patent Applications

<i>PCT Number</i>	<i>Title</i>
US00/03815	Mobile Power Generation System (Europe, title not verified)
US01/50683	Mobile power generation system (Europe & Canada, title not verified)
US01/50762	Bi-directional power supply circuit (Europe, title not verified)

Debtor hereby authorizes the Commissioner of Patents and Trademarks of the United States, and any official of any other country empowered to administer such affairs, to record this Notice of Grant of Security Interests, and to disclose the information herein to the public as notice of such grant of said security interests in favor of the Secured Parties. Debtor further represents and warrants that, subject to and except for the Koyah Security Interest, Debtor has the full right to grant the security interests referenced herein, that there are no rights or interests outstanding or inconsistent with the security interests referenced herein, including no liens or encumbrances on the patents and patent applications listed above, and that Debtor will not execute any instrument or transfer any rights or interests inconsistent with the security interests referenced herein.

IN TESTIMONY WHEREOF, this document has been executed as of January 19, 2004.

AURA SYSTEMS, INC.



Neal F. Meehan, Chairman and CEO