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PATENTS ONLY

To the Director of the U.S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies)/Execution Date(s): ROYAL PRECISION, INC. Execution Date(s) <u>DECEMBER 3, 2004</u> Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		2. Name and address of receiving party(ies) Name: <u>THE CIT GROUP/BUSINESS CREDIT, INC.</u> Internal Address: _____ Street Address: <u>1211 AVENUE OF THE AMERICAS</u> City: <u>NEW YORK</u> State: <u>NY</u> Country: <u>USA</u> Zip: <u>10036</u> Additional name(s) & address(es) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
3. Nature of conveyance: <input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Government Interest Assignment <input type="checkbox"/> Executive Order 9424, Confirmatory License <input type="checkbox"/> Other _____			
4. Application or patent number(s): A. Patent Application No.(s) Serial #10/454,300 Serial #10/282,077 Serial #10/342,857 Additional numbers attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		<input type="checkbox"/> This document is being filed together with a new application. B. Patent No.(s) Patent #6,695,711	
5. Name and address to whom correspondence concerning document should be mailed: Name: <u>PAUL H. SHUR, ESQ.</u> Internal Address: <u>REED SMITH LLP</u> Street Address: <u>599 LEXINGTON AVENUE</u> City: <u>NEW YORK</u> State: <u>NY</u> Zip: <u>10022</u> Phone Number: <u>212-521-5400</u> Fax Number: <u>212-521-5450</u> Email Address: <u>pshur@reedsmith.com</u>		6. Total number of applications and patents involved: <u>4</u> 7. Total fee (37 CFR 1.21(h) & 3.41) \$ 160.00 <input type="checkbox"/> Authorized to be charged by credit card <input type="checkbox"/> Authorized to be charged to deposit account <input checked="" type="checkbox"/> Enclosed <input type="checkbox"/> None required (government interest not affecting title)	
9. Signature: <u>Royal Precision, Inc.</u> By: <u><i>John C. Lauchnor</i></u> Signature _____ Date: <u>12-03-04</u> John C. Lauchnor, President Name of Person Signing _____		Total number of pages including cover sheet, attachments, and documents: <u>9</u>	

Documents to be recorded (including cover sheet) should be faxed to (703) 306-5995, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O.Box 1450, Alexandria, V.A. 22313-1450

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PATENT
REEL: 016145 FRAME: 0262

PATENT SECURITY AGREEMENT AND MORTGAGE

THIS PATENT SECURITY AGREEMENT AND MORTGAGE (the "Patent Mortgage") is made this 3rd day of DECEMBER, 2004, by **ROYAL PRECISION, INC.**, a Delaware corporation with its principal place of business located at 535 Migeon Avenue, Torrington, CT 06790 (the "Grantor") in favor of **THE CIT GROUP/BUSINESS CREDIT, INC.**, a New York Corporation with an office located at 1211 Avenue of the Americas, New York, New York 10036 (the "Lender").

WHEREAS, the Grantor is the owner and holder of the Patents listed on Schedule A annexed hereto and made a part hereof, together with all right, title and interest in and to the related inventions and any U.S. and foreign patents which have been or may be issued thereon; and

WHEREAS, the Grantor and the Lender have entered into a certain Financing Agreement dated September 30, 2004 (said Agreement, as it may hereafter be amended, supplemented, restated or otherwise modified from time to time being the "Financing Agreement") (any capitalized terms used, but not specifically defined, herein shall have the meaning provided for such terms in the Financing Agreement); and

WHEREAS, to induce the Lender to enter into the Financing Agreement and to grant the loans, advances and extensions of credit to the Grantor in accordance with the Financing Agreement, the Grantor has offered to execute and deliver this Patent Mortgage to the Lender, granting and conveying to the Lender a security interest, first in priority, upon the Collateral (as such term is hereinafter defined);

NOW, THEREFORE, in consideration of the foregoing, in consideration of the premises set forth in the Financing Agreement and in order to induce the Lender to grant the loans, advances and extensions of credit to the Grantor in accordance with the Financing Agreement, the Grantor hereby agrees with the Lender for its benefit as follows:

1. Certain Defined Terms. As used in this Patent Mortgage, unless the context otherwise requires:

(a) "Collateral:" shall mean, collectively and individually--

(i) each of the Patents;

(ii) each of the Licenses;

(iii) all accounts, contract rights and general intangibles of the Grantor arising under or relating to the Licenses, whether now existing or hereafter arising, including, without limitation, (1) all moneys due and to become due under any License, (2) any damages arising out of or for breach or default in respect of any such License, (3) all other amounts from time to time paid or payable under or in connection with any such License, and (4) the right of the Grantor to terminate any such License or to perform and to exercise all remedies thereunder;

(iv) any claims by the Grantor against third parties, and all proceeds of suits, for infringement of the Patents, and the rights to sue for past, present and future infringements and all rights corresponding thereto in the United States; and

(v) as to all of the foregoing (i) through (iv) inclusive, and any and all cash proceeds, non-cash proceeds and products thereof, additions and accessions thereto,

replacements and substitutions therefor, and all related books, records, journals, computer print-outs and data, of the Grantor.

(b) "Licenses": Collectively and individually, any and all license agreements granted by the Grantor to third parties relating to the Patents, whether now existing or hereafter arising, as any of same may from time to time be amended or supplemented, including, but not limited to, the license agreements listed on Schedule B annexed hereto and made a part hereof.

(c) "Obligations": All loans, advances, indebtedness, notes, liabilities, overdrafts, outstanding letters of credit not drawn upon, letters of credit drawn upon and not yet reimbursed, outstanding acceptances, and other amounts, liquidated or unliquidated, of every kind, nature and description, whether arising under this Agreement or otherwise, and as defined in the Financing Agreement.

(d) "Patents": Collectively and individually, all--

(i) utility, design and plant patents, utility models, industrial designs, inventor's certificates and statutory invention registrations of the United States or any other country, or any political subdivisions thereof, as well as any applications for the same, all whether now or hereafter owned or licensable by the Grantor, including, but not limited to, those listed on Schedule A annexed hereto and made a part hereof; and

(ii) reissues, continuations, continuations-in-part, divisionals or term restorations and all extensions thereof and all licenses thereof.

2. Grant of Security. To secure payment and performance of all of the Obligations of the Grantor to the Lender, the Grantor hereby mortgages to and pledges to the Lender and grants and conveys to the Lender a security interest in all of the Grantor's right, title and interest in and to the Collateral, which security interest shall remain in full force and effect until all of the Obligations of the Grantor to the Lender are fully paid and satisfied.

3. Representations, Warranties and Covenants of the Grantor. The Grantor incorporates by reference its representations, warranties, covenants and agreements relating to the Collateral as more fully set forth in the Financing Agreement and the following:

(a) No Additional Patents. As of the date hereof, the Grantor does not own any Patents, or have any Patents registered in or the subject of pending applications in the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, other than those grants, registrations or applications for registrations listed on Schedules A annexed hereto and made a part hereof.

(b) Responsibility and Liability. The Grantor assumes all responsibility and liability arising from the use of the Patents and Licenses, and hereby indemnifies and holds the Lender and each director, officer, employee, affiliate and agent thereof, harmless from and against any claim, suit, loss, damage or expense (including attorneys' fees and expenses) arising out of any alleged defect in any product manufactured, promoted or sold by the Grantor in connection with any of the Patents or otherwise arising out of the Grantor's operation of its business from the use of the Patents. In any suit, proceeding or action brought by the Lender under any License for any sum owing thereunder, or to enforce any provisions of such License, the Grantor will indemnify and keep the Lender harmless from and against all expense, loss or damage suffered by reason of any defense, set off, recoupment, claim, counterclaim, reduction or liability whatsoever of the obligee thereunder or arising out of a breach of the Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such obligee or its successors from the Grantor, and all such obligations

of the Grantor shall be and remain enforceable against and only against the Grantor and shall not be enforceable against the Lender.

(c) Protection of the Patents. The Grantor agrees that if it learns of any act by any person that may infringe the Grantor's rights in the Patents, or of any claim of any lien, security interest, claim, right or other encumbrance of any nature whatsoever in or to the Collateral, the Grantor shall promptly notify the Lender of such use, lien, security interest, claim, right or other encumbrance and, if requested by the Lender, shall join with the Lender, at the Grantor's expense, in such action as the Lender, in its reasonable discretion, may deem advisable for the protection of the Lender's interest in and to the Patents, it being understood that the foregoing shall not preclude the Grantor from bringing an action against a person for the protection of the Grantor's interest in and to such Patents.

4. Lender's Appointment as Attorney-in-Fact.

(a) The Grantor hereby irrevocably constitutes and appoints the Lender, and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Grantor and in the name of the Grantor or in its own name, from time to time in the Lender's discretion, for the purposes of carrying out the terms of this Patent Mortgage, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Patent Mortgage.

5. Event of Default. The occurrence of any one or more of the following shall constitute an Event of Default under this Agreement:

(a) The occurrence of any Default or Event of Default defined under the Financing Agreement;

(b) A breach by the Grantor of any covenant contained in this Patent Mortgage;

(c) If any warranty or representation contained in this Patent Mortgage, including, without limitation, the warranties and representations contained in Section 3 of this Patent Mortgage, shall be incorrect in any material respect.

6. Remedies. Upon the occurrence of an Event of Default, in addition to all other rights and remedies of the Lender, whether under law, in equity or otherwise (all such rights and remedies being cumulative, not exclusive and enforceable alternatively, successively or concurrently):

(i) the Lender shall have all of the rights and remedies set forth in the Financing Agreement;

(ii) the Lender may appear before the United States Patent and Trademark Office as owner of the Collateral, without recording or filing any documents to evidence the Lender's ownership in the Collateral; and

(iii) in addition to the foregoing, in order to implement the assignment, sale or other disposal of any of the Collateral, the Lender may, at any time, pursuant to the authority granted in the Special Power of Attorney (such authority becoming effective on the occurrence of an Event of Default), execute and deliver on behalf of the Grantor, one or more instruments of assignment of the Patents (or any application or registration thereof), in form suitable for filing, recording or registration in any country. The Grantor agrees to pay when due

all reasonable costs and expenses incurred in any such transfer of the Patents, including any taxes, fees and reasonable attorneys' fees, and all such costs shall be added to the Obligations of the Grantor to the Lender. The Lender shall apply the proceeds actually received from any such license, assignment, sale or other disposition to the payment of the Obligations of the Grantor to the Lender as provided for in the Financing Agreement. The Grantor shall remain liable for any deficiency with respect to the Obligations of the Grantor to the Lender, which shall bear interest and be payable at the Default Rate of interest under the Financing Agreement. The rights of the Grantor to receive any surplus shall be subject to any duty of the Lender imposed by law to the holder of any subordinate security interest in the Collateral known to the Lender. Nothing contained herein shall be construed as requiring the Lender to take any such action at any time.

7. Execution of Special Power of Attorney. Concurrently with the execution and delivery of this Patent Mortgage, the Grantor is executing and delivering to the Lender a certain Special Power of Attorney for the implementation of the sale, assignment, licensing or other disposition of the Collateral pursuant to this Patent Mortgage.

8. Amendments and Modification. No provision hereof shall be modified, altered, waived or limited except by a written instrument expressly referring to this Patent Mortgage and executed by the party to be charged.

9. Binding Nature. This Patent Mortgage shall be binding upon and inure to the benefit of the successors, assigns or other legal representatives of the Grantor, and shall, together with the rights and remedies of the Lender hereunder, be binding upon and inure to the benefit of the Lender, its successors, assigns or other legal representatives.

10. GOVERNING LAW. THIS PATENT MORTGAGE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF.

11. Notices. All notices, requests, demands and other communications provided for hereunder shall be in writing (unless otherwise expressly provided herein) and shall be sent and deemed to have been received as set forth in the Financing Agreement.

12. Counterparts. This Patent Mortgage may be executed in counterparts, each of which, when taken together, shall be deemed one and the same instrument.

13. Headings. Section headings herein are included for convenience of reference only and shall not constitute a part of this Patent Mortgage for any other purpose.

14. Acknowledgment of Receipt. The Grantor acknowledges receipt of a copy of this Patent Mortgage.

15. No Waiver. No course of dealing between the Grantor and the Lender, and no delay or omission of the Lender in exercising or enforcing any of the Lender's rights and remedies hereunder shall constitute a waiver thereof; and no waiver by the Lender of any Event of Default shall operate as a waiver of any other Event of Default.

16. Severability. If any of the provisions of this Patent Mortgage shall contravene or be held invalid under the laws of any jurisdiction, this Patent Mortgage shall be construed as if not containing such provisions and the rights, remedies, warranties, representations, covenants, and provisions hereof shall be construed and enforced accordingly in such jurisdiction and shall not in any manner affect such provision in any other jurisdiction, or any other provisions of this Patent Mortgage in any jurisdiction. In the event of any inconsistency between the provisions of

this Patent Mortgage and the Financing Agreement, the terms of the Financing Agreement shall prevail.

17. Interest Granted to Lender. Notwithstanding any provision of this Patent Mortgage to the contrary, the interest granted to the Lender under this Patent Mortgage is intended to be a pledge and a security interest only, and the execution of this Patent Mortgage is not intended to create an assignment or a transfer of title or any other property rights to the Patents.

18. WAIVER OF JURY TRIAL. THE GRANTOR WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS PATENT MORTGAGE.

IN WITNESS WHEREOF, the Grantor has caused this Patent Mortgage to be duly executed as of the day and year first above written.

Attest/Witness:

Kelly Toce
Print Name:
Title: Kelly Toce

ROYAL PRECISION, INC.

By: John C. Lauchnor
Print Name: JOHN C. LAUCHNOR
Title: President

**Schedule A
to
Patent Security Agreement and Mortgage**

PATENTS

1. Serial #10/454,300
2. Serial #10/282/077
3. Serial #10/342,857
4. Patent #6,695,711

**Schedule B
to
Patent Security Agreement and Mortgage**

LICENSE AGREEMENTS

NONE

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SPECIAL POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that as of this ____ day of _____, 200 ____, **ROYAL PRECISION, INC.**, a Delaware Corporation with its principal place of business located at 535 Migeon Avenue, Torrington, CT 06790 (the "Grantor"), pursuant to a certain Patent Security Agreement and Mortgage of even date herewith (the "Patent Mortgage") by the Grantor in favor of **THE CIT GROUP/BUSINESS CREDIT, INC.**, a New York Corporation having an office located at 1211 Avenue of the Americas, New York, New York, 10036 (the "Lender"), hereby appoints and constitutes the Lender as its true and lawful attorney, with full power of substitution, and with full power and authority to perform the following acts on behalf of the Grantor, in accordance with the terms and provisions of the Patent Mortgage:

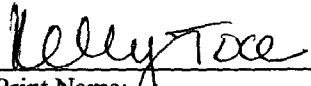
1. Assigning, selling or otherwise disposing or all right, title and interest of the Grantor in and to the Patents, as such term is defined in the Patent Mortgage, including, without limitation, those Patents listed on Schedule A annexed to the Patent Mortgage, any Patents that the Grantor may now or hereafter acquire, and any Patents which may be added to Schedule A annexed to the Patent Mortgage subsequent to the date of this Special Power of Attorney, and all registrations and recordings of any of the foregoing, and for the purpose of the recording, registering and filing of, or accomplishing any other formality with respect to the foregoing, and to execute and deliver any and all other agreements, documents, instruments or assignment or other papers necessary or advisable to effect such purpose, in each case, in accordance with the terms and provisions of the Patent Mortgage; and

2. To execute any and all documents, statements, certificates or other papers necessary or advisable in order to obtain the purposes described above as the Lender may in its sole discretion determine.

This Special Power of Attorney is made pursuant to the Patent Mortgage and may not be revoked until the Obligations, as such term is defined in the Patent Mortgage, of the Grantor to the Lender is fully paid and satisfied.

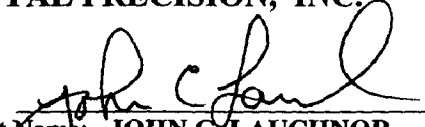
IN WITNESS WHEREOF, the Grantor has caused this Special Power of Attorney to be duly executed as of the day and year first above written.

Attest/Witness:



Print Name: Kelly Toce
Title: Kelly Toce

ROYAL PRECISION, INC.

By: 

Print Name: JOHN C. LAUCHNOR
Title: President