

MAR 04 2005

03-14-2005

Form #10-1595 (Rev. 09/04)
OMB No. 0851-0027 (exp. 6/30/2005)DEPARTMENT OF COMMERCE
Patent and Trademark Office

102958231

To the Director of the U.S. Patent and Trademark Office: Please record this application in the new address(es) below.

1. Name of conveying party(ies)/Execution Date(s):

(1) HARGOURT, Gregory A.

Execution Date(s) January 29, 2002Additional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

3. Nature of conveyance:

- ☒ Assignment ☐ Merger
☐ Security Agreement ☐ Change of Name
☐ Government Interest Assignment
☐ Executive Order 9424, Confirmatory License
☐ Other

2. Name and address of receiving party(ies)

Name: Waterveest Technologies Inc.

Internal Address: _____

Street Address: One First Canadian Place,

Suite 2010, Box 129

City: TorontoState: OntarioCountry: CanadaZip: M5X 1A4Additional name(s) & address(es) attached? ☐ Yes ☒ No

4. Application or patent number(s):

☐ This document is being filed together with a new application.

A. Patent Application No.(s)

595,554

B. Patent No.(s)

Additional numbers attached? ☐ Yes ☒ No

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

Name: TORYS LLP

Internal Address: _____

Street Address: 79 Wellington Street West,

Suite 3000

City: TorontoState: OntarioZip: M5X 1N2Phone Number: 416.865.8242Fax Number: 416.865.7380Email Address: myfarguardt@torys.com

6. Total number of applications and patents involved:

1

7. Total fee (37 CFR 1.21(h) & 3.41) \$ 10.00

- ☐ Authorized to be charged by credit card
☒ Authorized to be charged to deposit account
☐ Enclosed
☐ None required (government interest not affecting title)

8. Payment Information

a. Credit Card Last 4 Numbers _____

Expiration Date _____

b. Deposit Account Number 50-2651

Authorized User Name _____

9. Signature:

Signature

March 5, 2005

Date

Matthew Morquardt, Reg. No. 40,997

Name of Person Signing

Total number of pages including cover sheet, attachments, and documents: ☐Documents to be recorded (including cover sheet) should be faxed to (703) 308-5995, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, V.A. 22313-1450

WATERCORP TECHNOLOGIES INC.

- AND -

WATERVEST TECHNOLOGIES INC.

INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

Made as of January 29, 2002

THIS AGREEMENT is made as of the 29th day of January, 2002,

BETWEEN:

WATERCORP TECHNOLOGIES INC., a corporation
incorporated under the laws of Ontario

(the "Assignor")

- and -

WATERVEST TECHNOLOGIES INC., a corporation
incorporated under the laws of Ontario

(the "Assignee")

RECITALS:

WHEREAS the Assignor is the owner of all the Assigned Intellectual Property
(as defined below);

AND WHEREAS the Assignor wishes to assign the Assigned Intellectual
Property (as defined below) to Assignee and Assignee wishes to purchase the Assigned
Intellectual Property in accordance with the terms and conditions set forth herein;

NOW THEREFORE in consideration of the mutual covenants and agreements
contained in this Agreement and other good and valuable consideration (the receipt and
sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

**ARTICLE 1.
INTERPRETATION**

1.1. Definitions

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

- 1.1.1. "Agreement" means this agreement amended or supplemented from time
to time, and the expressions "hereof", "herein", "hereto", "hereunder",
"hereby" and similar expressions refer to this Agreement. Unless
otherwise indicated, references to "Articles" and "Sections" are to
articles and sections in this Agreement;
- 1.1.2. "Assigned Intellectual Property" means all of the Intellectual Property
Rights of the Assignor directed to methods and apparatus for magnetically
treating a fluid, including the rights as set out in its US Patent
US5683586 and all corresponding patents and patent applications related
thereto and all reissues, continuations and continuations in part thereof and

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all improvements, enhancements and new inventions related thereto and all other ideas, formula, algorithms, concepts, inventions and know how related or connected thereto, whether arising before or after the date of this Agreement;

1.1.3. "Confidential Information" of a party means any and all material and information of a party (in this definition called the "Disclosing Party") which has or will come into the possession or knowledge of the other party (in this definition called the "Recipient Party") in connection with or as a result of entering into this Agreement including information concerning the Disclosing Party's past, present and future customers, suppliers, technology, and business. For the purposes of this definition, "information" and "material" includes know-how, data, patents, copyrights, trade secrets, processes, techniques, programs, designs, formulae, marketing, advertising, financial, commercial, sales or programming materials, written materials, compositions, drawings, diagrams, computer programs, studies, work in progress, visual demonstrations, ideas, concepts, and other data, in oral, written, graphic, electronic, or any other form or medium whatsoever. Notwithstanding the foregoing, "Confidential Information" does not include information which is in the public domain when it is received by or becomes known to the Recipient Party or which subsequently enters the public domain through no fault of the Recipient Party (but only after it enters the public domain).

1.1.4. "Effective Date" means January 29, 2002;

1.1.5. "Intellectual Property Rights" means:

1.1.5.1. any and all proprietary rights provided under:

1.1.5.1.1. patent law;

1.1.5.1.2. copyright law (including moral rights);

1.1.5.1.3. trade-mark law;

1.1.5.1.4. design patent or industrial design law; or

1.1.5.1.5. any other statutory provision or common law principle applicable to this Agreement, including trade secret law,

which may provide a right in either ideas, formulae, algorithms, concepts, inventions or know-how generally, or the expression or use of such ideas, formulae, algorithms, concepts, inventions or know-how generally; and

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- 1.1.5.2. any and all applications, registrations, licenses, sub-licenses, franchises, agreements or any other evidence of a right in any of the foregoing; and
- 1.1.5.3. all licenses and waivers and benefits of waivers of the intellectual property rights set out in 1.1.5.1 and 1.1.5.2 above, all future income and proceeds from the intellectual property rights set out in 1.1.5.1 and 1.1.5.2 above, and all rights to damages and profits by reason of the infringement of any of the intellectual property rights set out in 1.1.5.1 and 1.1.5.2 above; and

ARTICLE 2. ASSIGNMENT

2.1. Assignment

Effective as of the Effective Date, Assignor hereby assigns to Assignee its entire right, title and interest in and to the Assigned Intellectual Property.

2.2. Transfer

The Assignor shall, at the request of the Assignee, promptly sign, execute, make and do all such deeds, documents, acts and things as the Assignee and its duly authorized agents may reasonably require in order to:

2.2.1. apply for, obtain, register and vest in the name of the Assignee alone (unless the Assignee otherwise directs) letters patent, copyrights, trademarks or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; and

2.2.2. defend any judicial, opposition or other proceedings in respect of such applications and any judicial, opposition or other proceedings or petitions or applications for revocation of such letters patent, copyright, trademark or other analogous protection.

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2.3. In the event the Assignee is unable, after reasonable effort, to secure the signature of the Assignor on any application for letters patent, copyright or trademark registration or other documents regarding any legal protection relating to the Assigned Intellectual Property, whether because of the Assignor's lack of co-operation or for any other reason whatsoever, the Assignor hereby irrevocably designates and appoints the Assignee and its duly authorized officers and agents as its agent and attorney-in-fact, to act for and in its behalf and stand to execute and file any such application or applications or other documents and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent, copyright or trademark registrations or any other legal protection thereon with the same legal force and effect as if executed by the Assignor.

ARTICLE 3. PAYMENT TERMS

3.1. Share Consideration

Subject to Section 3.4, the purchase price for the Assigned Intellectual Property shall be satisfied by the issuance by the Assignee to the Assignor of 10,000 common shares in the capital stock of the Assignee.

3.2. Royalty

Subject to Section 3.4, the Assignee shall also pay to the Assignor amounts in cash based on the aggregate gross revenues earned by the Assignee, directly or indirectly, from any sale, license, lease or other exploitation of the Assigned Intellectual Property (or any part thereof) during the period beginning on the Effective Date and ending on the day that is five years thereafter, as follows:

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<u>Aggregate Gross Revenues</u>	<u>Royalty Rate</u>
First \$1 million	5%
\$1 million - \$2 million	4%
\$2 million - \$3 million	3%
\$3 million - \$4 million	2%
Over \$4 million	1%

The Assignee shall make annual payments to the Assignor within 90 days of the end of each fiscal year of the Assignee for all amounts owing to the Assignor for such fiscal year. The gross revenues of the Assignee for each such fiscal year shall be determined from the annual financial statements of the Assignor which shall be prepared in accordance with Canadian GAAP (or in such other manner as agreed upon by the Assignor and the Assignee). For any fiscal years in which the Assignee does not have any revenues, the Assignee shall be entitled to deliver a certificate signed by two officers of the Assignee, that it has no revenues for the fiscal year in place of providing financial statements. The Assignor shall be provided with access, on reasonable notice and during normal business hours, to the books and records of the Assignee for the purpose of confirming the calculation of the payments.

3.3. Taxes

The amounts set out in sections 3.1 and 3.2 above shall be inclusive of all applicable taxes, including GST.

3.4. Termination of Consulting Agreement

In the event that the Consulting Services Agreement dated January 29, 2002, among the Assignor, the Assignee and Greg Harcourt is terminated during the Term thereof pursuant to section 12.1 or 13 thereof, the payment obligations in this Section 3 shall be null and void ab initio and, for greater certainty, the common shares issued pursuant to Section 3.1 shall be cancelled without any payment by the Assignee, all without in any way affecting the assignment of the Assignment Intellectual Property hereunder.

ARTICLE 4. CONFIDENTIALITY

4.1. Confidentiality Covenant

4.1.1. The Assignor shall at all times keep and hold all Confidential Information of the Assignee (including information that relates to the Assigned Intellectual Property) in the strictest confidence, and shall not use such Confidential Information for any purpose, other than as may be reasonably necessary for the performance of its duties owed to the Assignee hereunder

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or under any other agreement, without the Assignee's prior written consent.

4.1.1. The Assignor agrees:

4.1.1.1. that it shall not disclose to any third party or use any Confidential Information of the Assignee except as expressly permitted in this Agreement; and

4.1.1.2. that it shall take all reasonable measures to maintain the confidentiality of all Confidential Information of the Assignee in its possession or control, which shall in no event be less than the measures it uses to maintain the confidentiality of its own information of similar importance.

4.1.2. Notwithstanding any other provision of this Section 4.1, the Assignor may disclose Confidential Information to the extent required by a court of competent jurisdiction or other governmental authority or otherwise as required by law.

4.1.3. The terms and conditions of this Agreement will be deemed to be the Confidential Information of each party and shall not be disclosed without the written consent of the other party which consent shall not be unreasonably withheld or delayed.

4.1.4. Each party acknowledges that its failure to comply with the provisions of this Section 5.1 shall cause irreparable harm to the other party which cannot be adequately compensated for in damages, and accordingly acknowledges that the other party shall be entitled to obtain, in addition to any other remedies available to it, interlocutory and permanent injunctive relief to restrain any anticipated, present or continuing breach of this Section 5.1.

**ARTICLE 5.
WARRANTY AND INDEMNITY**

5.1. Assignor Representations, Warranties and Covenants

Assignor represents, warrants and covenants to Assignee as follows and acknowledges that Assignee has relied upon the completeness and accuracy of such representations, warranties and covenants in entering into this Agreement:

5.1.1. it has the corporate capacity to enter into this Agreement and to perform each of its obligations hereunder;

5.1.2. it has duly authorized, executed and delivered this Agreement and this Agreement constitutes a legally valid and binding obligation of it

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enforceable against it in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency and other laws of general application affecting the enforcement of creditors' rights and subject to general equitable principles;

- 5.1.3. it is the legal and beneficial owner of all Assigned Intellectual Property free and clear of all liens, charges and encumbrances and Assignor has the full power and authority to assign the Assigned Intellectual Property without the consent of any other person;
- 5.1.4. the exploitation by Assignee of the Assigned Intellectual Property Rights does not and will not infringe on any Intellectual Property Rights whatsoever of any person;
- 5.1.5. Assignor has not and shall not grant any rights or licenses to the whole or any part of the Assigned Intellectual Property or enter into any agreement or understanding that would conflict with Assignor's obligations or Assignee's rights under this Agreement; and
- 5.1.6. Assignor's performance of the obligations in this Agreement shall comply with and shall neither contravene, breach nor infringe any laws or regulations applicable in Canada.

5.2. Assignee Representations, Warranties and Covenants

Assignee represents, warrants and covenants to Assignor as follows and acknowledges that Assignor has relied upon the completeness and accuracy of such representations, warranties and covenants in entering into this Agreement:

- 5.2.1. it has the corporate capacity to enter into this Agreement and to perform each of its obligations hereunder;
- 5.2.2. it has duly authorized, executed and delivered this Agreement and this Agreement constitutes a legally valid and binding obligation of it enforceable against it in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency and other laws of general application affecting the enforcement of creditors' rights and subject to general equitable principles; and
- 5.2.3. Assignee's performance of the obligations in this Agreement shall comply with and shall neither contravene, breach nor infringe any laws or regulations applicable in Canada.
- 5.2.4. the common shares of Assignee to be issued to Assignor as consideration under the Agreement shall be validly issued, non-assessable shares.

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5.3. Indemnities and Set-off

Each party agrees to defend, indemnify and hold the other party and its directors, officers and employees harmless from and against all losses, costs, damages, expenses and liabilities (including reasonable legal fees) which may be suffered or incurred by such other party arising out of or as a result of or relating in any manner whatsoever to any breach of this Agreement. The Assignor agrees that the Assignee shall be entitled to, firstly, set-off any amounts owing under Section 3.2 and, secondly, to redeem the share consideration issued under Section 3.1 at no cost, to satisfy amounts owing, if any, by the Assignor to the Assignee pursuant to this Section 5.3.

**ARTICLE 6.
GENERAL****6.1. Notices**

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by prepaid first-class mail, by facsimile or other means of electronic communication or by delivery as hereafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, shall be deemed to have been received on the fourth business day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the business day following the sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications shall be delivered by hand or sent by facsimile or other means of electronic communication and shall be deemed to have been received in accordance with this Section. Notices and other communications shall be addressed as follows:

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6.1.1. if to Assignor:

Watercorp Technologies Inc.
c/o Greg Harcourt
2153 Flinton Road
Flinton, Ontario
K0H 1P0

if to Assignee:

Watervest Technologies Inc.
Suite 3000
79 Wellington Street West
Toronto, Ontario
M5K 1N2

Attention: Michael Siltala
Telecopier No.: 416.865.7380

6.2. Severability

Any provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction and appropriate amendments shall be made to this Agreement to put the party who is disadvantaged by such invalidity or unenforceability in the same financial position as if no provision hereof were invalid or unenforceable. In the event that any portion of this Agreement shall have been so determined to be or become invalid or unenforceable (the "Offending Portion"), the parties shall negotiate in good faith such changes to this Agreement as shall best preserve for the parties the benefits and obligations of such Offending Portion.

6.3. Governing Law

This Agreement shall be exclusively governed by, and construed in accordance with, the laws applicable in the Province of Ontario, Canada and the laws of Canada applicable therein (without reference to conflicts of laws principles). Each party hereby submits and attorns to the exclusive jurisdiction of the federal or provincial courts located in Toronto, Ontario.

6.4. Successors and Assigns

This Agreement shall be binding upon and shall enure to the benefit of and be enforceable by each of the parties, their respective successors and permitted assigns. The Assignor

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shall not assign or subcontract all or any portion of this Agreement without the prior written consent of the Assignee.

6.5. Further Assurances

Each of the parties hereto shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use its best efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

6.6. Entire Agreement

Except as expressly provided for herein, this Agreement constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement. There are no warranties, conditions, or representations (including any that may be implied by statute) and there are no agreements in connection with such subject matter except as specifically set forth or referred to in this Agreement. No reliance is placed on any warranty, representation, opinion, advice or assertion of fact made either prior to, contemporaneous with, or after entering into this Agreement, or any amendment or supplement thereto, by any party to this Agreement or its directors, officers, employees or agents, to any other party to this Agreement or its directors, officers, employees or agents, except to the extent that the same has been reduced to writing and included as a term of this Agreement, and none of the parties to this Agreement has been induced to enter into this Agreement or any amendment or supplement by reason of any such warranty, representation, opinion, advice or assertion of fact. Accordingly, there shall be no liability, either in tort or in contract, assessed in relation to any such warranty, representation, opinion, advice or assertion of fact, except to the extent contemplated above.

6.7. Waiver

A waiver of any default, breach or non-compliance under this Agreement is not effective unless in writing and signed by the party to be bound by the waiver. No waiver shall be inferred from or implied by any failure to act or delay in acting by a party in respect of any default, breach, non-observance or by anything done or omitted to be done by another party. The waiver by a party of any default, breach or non-compliance under this Agreement shall not operate as a waiver of that party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-compliance (whether of the same or any other nature).

6.8. Agreement Drawn in English

The parties confirm that it is their wish that this Agreement, as well as all other documents relating hereto, including all notices, have been and shall be drawn up in the English language only. Les parties aux présentes confirment leur volonté que cette

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convention, de même que tous les documents, y compris tout avis, qui s'y rattachent, soient rédigés en langue anglaise.

6.9. Counterparts

This Agreement may be signed in counterparts (including counterparts signed by facsimile transmission) and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement.

WATERCORP TECHNOLOGIES INC.

By: 

WATERVEST TECHNOLOGIES INC.

By: 

ACKNOWLEDGEMENT AND AGREEMENT OF GREG HARCOURT

The undersigned does hereby acknowledge that he has reviewed this Agreement and, as the controlling shareholder of the Assignor and an inventor of the Assigned Intellectual Property, for good and valuable consideration, does hereby represent, warrant and agree as follows:

1. the undersigned has transferred his entire right, title and interest in and to the Intellectual Property Rights in the Assigned Intellectual Property to the Assignor prior to the date hereof;
2. all of the representations of warranties of the Assignor provided for in Section 6.1 are true and correct;
3. the undersigned guarantees the performance of all of the obligations of the Assignor under this Agreement; and
4. the undersigned agrees to the terms of Section 2.2 as if they applied to him and not the Assignor, including without limitation, the granting of a power of attorney to the Assignee as provided for therein.

W. Hume

Witness

GREG HARCOURT
GREG HARCOURT

WATERCORP TECHNOLOGIES INC.

- AND -

WATERVEST TECHNOLOGIES INC.

INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

Made as of January 29, 2002

P. 1-5 (p. 00)

THIS AGREEMENT is made as of the 29th day of January, 2002,
BETWEEN:

WATERCORP TECHNOLOGIES INC., a corporation
incorporated under the laws of Ontario

(the "Assignor")

- and -

WATERVEST TECHNOLOGIES INC., a corporation
incorporated under the laws of Ontario

(the "Assignee")

RECITALS:

WHEREAS the Assignor is the owner of all the Assigned Intellectual Property (as defined below);

AND WHEREAS the Assignor wishes to assign the Assigned Intellectual Property (as defined below) to Assignee and Assignee wishes to purchase the Assigned Intellectual Property in accordance with the terms and conditions set forth herein;

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

**ARTICLE 1.
INTERPRETATION**

1.1. Definitions

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

1.1.1. "Agreement" means this agreement amended or supplemented from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement. Unless otherwise indicated, references to "Articles" and "Sections" are to articles and sections in this Agreement;

1.1.2. "Assigned Intellectual Property" means all of the Intellectual Property Rights of the Assignor directed to methods and apparatus for magnetically treating a fluid, including the rights as set out in its US Patent # US5683586 and all corresponding patents and patent applications related thereto and all reissues, continuations and continuations in part thereof and

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all improvements, enhancements and new inventions related thereto and all other ideas, formula, algorithms, concepts, inventions and know how related or connected thereto, whether arising before or after the date of this Agreement;

1.1.3. "Confidential Information" of a party means any and all material and information of a party (in this definition called the "Disclosing Party") which has or will come into the possession or knowledge of the other party (in this definition called the "Recipient Party") in connection with or as a result of entering into this Agreement including information concerning the Disclosing Party's past, present and future customers, suppliers, technology, and business. For the purposes of this definition, "information" and "material" includes know-how, data, patents, copyrights, trade secrets, processes, techniques, programs, designs, formulae, marketing, advertising, financial, commercial, sales or programming materials, written materials, compositions, drawings, diagrams, computer programs, studies, work in progress, visual demonstrations, ideas, concepts, and other data, in oral, written, graphic, electronic, or any other form or medium whatsoever. Notwithstanding the foregoing, "Confidential Information" does not include information which is in the public domain when it is received by or becomes known to the Recipient Party or which subsequently enters the public domain through no fault of the Recipient Party (but only after it enters the public domain).

1.1.4. "Effective Date" means January 29, 2002;

1.1.5. "Intellectual Property Rights" means:

1.1.5.1. any and all proprietary rights provided under:

1.1.5.1.1. patent law;

1.1.5.1.2. copyright law (including moral rights);

1.1.5.1.3. trade-mark law;

1.1.5.1.4. design patent or industrial design law; or

1.1.5.1.5. any other statutory provision or common law principle applicable to this Agreement, including trade secret law,

which may provide a right in either ideas, formulae, algorithms, concepts, inventions or know-how generally, or the expression or use of such ideas, formulae, algorithms, concepts, inventions or know-how generally; and

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- 1.1.5.2. any and all applications, registrations, licenses, sub-licenses, franchises, agreements or any other evidence of a right in any of the foregoing; and
- 1.1.5.3. all licenses and waivers and benefits of waivers of the intellectual property rights set out in 1.1.5.1 and 1.1.5.2 above, all future income and proceeds from the intellectual property rights set out in 1.1.5.1 and 1.1.5.2 above, and all rights to damages and profits by reason of the infringement of any of the intellectual property rights set out in 1.1.5.1 and 1.1.5.2 above; and

ARTICLE 2. ASSIGNMENT

2.1. Assignment

Effective as of the Effective Date, Assignor hereby assigns to Assignee its entire right, title and interest in and to the Assigned Intellectual Property.

2.2. Transfer

The Assignor shall, at the request of the Assignee, promptly sign, execute, make and do all such deeds, documents, acts and things as the Assignee and its duly authorized agents may reasonably require in order to:

2.2.1. apply for, obtain, register and vest in the name of the Assignee alone (unless the Assignee otherwise directs) letters patent, copyrights, trademarks or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; and

2.2.2. defend any judicial, opposition or other proceedings in respect of such applications and any judicial, opposition or other proceedings or petitions or applications for revocation of such letters patent, copyright, trademark or other analogous protection.

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2.3. In the event the Assignee is unable, after reasonable effort, to secure the signature of the Assignor on any application for letters patent, copyright or trademark registration or other documents regarding any legal protection relating to the Assigned Intellectual Property, whether because of the Assignor's lack of co-operation or for any other reason whatsoever, the Assignor hereby irrevocably designates and appoints the Assignee and its duly authorized officers and agents as its agent and attorney-in-fact, to act for and in its behalf and stead to execute and file any such application or applications or other documents and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent, copyright or trademark registrations or any other legal protection thereon with the same legal force and effect as if executed by the Assignor.

ARTICLE 3. PAYMENT TERMS

3.1. Share Consideration

Subject to Section 3.4, the purchase price for the Assigned Intellectual Property shall be satisfied by the issuance by the Assignee to the Assignor of 10,000 common shares in the capital stock of the Assignee.

3.2. Royalty

Subject to Section 3.4, the Assignee shall also pay to the Assignor amounts in cash based on the aggregate gross revenues earned by the Assignee, directly or indirectly, from any sale, license, lease or other exploitation of the Assigned Intellectual Property (or any part thereof) during the period beginning on the Effective Date and ending on the day that is five years thereafter, as follows:

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<u>Aggregate Gross Revenues</u>	<u>Royalty Rate</u>
First \$1 million	5%
\$1 million - \$2 million	4%
\$2 million - \$3 million	3%
\$3 million - \$4 million	2%
Over \$4 million	1%

The Assignee shall make annual payments to the Assignor within 90 days of the end of each fiscal year of the Assignee for all amounts owing to the Assignor for such fiscal year. The gross revenues of the Assignee for each such fiscal year shall be determined from the annual financial statements of the Assignor which shall be prepared in accordance with Canadian GAAP (or in such other manner as agreed upon by the Assignor and the Assignee). For any fiscal years in which the Assignee does not have any revenues, the Assignee shall be entitled to deliver a certificate signed by two officers of the Assignee, that it has no revenues for the fiscal year in place of providing financial statements. The Assignor shall be provided with access, on reasonable notice and during normal business hours, to the books and records of the Assignee for the purpose of confirming the calculation of the payments.

3.3. Taxes

The amounts set out in sections 3.1 and 3.2 above shall be inclusive of all applicable taxes, including GST.

3.4. Termination of Consulting Agreement

In the event that the Consulting Services Agreement dated January 29, 2002, among the Assignor, the Assignee and Greg Harcourt is terminated during the Term thereof pursuant to section 12.1 or 13 thereof, the payment obligations in this Section 3 shall be null and void ab initio and, for greater certainty, the common shares issued pursuant to Section 3.1 shall be cancelled without any payment by the Assignee, all without in any way affecting the assignment of the Assignment Intellectual Property hereunder.

ARTICLE 4. CONFIDENTIALITY

4.1. Confidentiality Covenant

- 4.1.1. The Assignor shall at all times keep and hold all Confidential Information of the Assignee (including information that relates to the Assigned Intellectual Property) in the strictest confidence, and shall not use such Confidential Information for any purpose, other than as may be reasonably necessary for the performance of its duties owed to the Assignee hereunder

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or under any other agreement, without the Assignee's prior written consent.

4.1.1. The Assignor agrees:

4.1.1.1. that it shall not disclose to any third party or use any Confidential Information of the Assignee except as expressly permitted in this Agreement; and

4.1.1.2. that it shall take all reasonable measures to maintain the confidentiality of all Confidential Information of the Assignee in its possession or control, which shall in no event be less than the measures it uses to maintain the confidentiality of its own information of similar importance.

4.1.2. Notwithstanding any other provision of this Section 4.1, the Assignor may disclose Confidential Information to the extent required by a court of competent jurisdiction or other governmental authority or otherwise as required by law.

4.1.3. The terms and conditions of this Agreement will be deemed to be the Confidential Information of each party and shall not be disclosed without the written consent of the other party which consent shall not be unreasonably withheld or delayed.

4.1.4. Each party acknowledges that its failure to comply with the provisions of this Section 5.1 shall cause irreparable harm to the other party which cannot be adequately compensated for in damages, and accordingly acknowledges that the other party shall be entitled to obtain, in addition to any other remedies available to it, interlocutory and permanent injunctive relief to restrain any anticipated, present or continuing breach of this Section 5.1.

**ARTICLE 5.
WARRANTY AND INDEMNITY**

5.1. Assignor Representations, Warranties and Covenants

Assignor represents, warrants and covenants to Assignee as follows and acknowledges that Assignor has relied upon the completeness and accuracy of such representations, warranties and covenants in entering into this Agreement:

5.1.1. it has the corporate capacity to enter into this Agreement and to perform each of its obligations hereunder;

5.1.2. it has duly authorized, executed and delivered this Agreement and this Agreement constitutes a legally valid and binding obligation of it

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enforceable against it in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency and other laws of general application affecting the enforcement of creditors' rights and subject to general equitable principles;

- 5.1.3. it is the legal and beneficial owner of all Assigned Intellectual Property free and clear of all liens, charges and encumbrances and Assignor has the full power and authority to assign the Assigned Intellectual Property without the consent of any other person;
- 5.1.4. the exploitation by Assignee of the Assigned Intellectual Property Rights does not and will not infringe on any Intellectual Property Rights whatsoever of any person;
- 5.1.5. Assignor has not and shall not grant any rights or licenses to the whole or any part of the Assigned Intellectual Property or enter into any agreement or understanding that would conflict with Assignor's obligations or Assignee's rights under this Agreement; and
- 5.1.6. Assignor's performance of the obligations in this Agreement shall comply with and shall neither contravene, breach nor infringe any laws or regulations applicable in Canada.

5.2. Assignee Representations, Warranties and Covenants

Assignee represents, warrants and covenants to Assignor as follows and acknowledges that Assignor has relied upon the completeness and accuracy of such representations, warranties and covenants in entering into this Agreement:

- 5.2.1. it has the corporate capacity to enter into this Agreement and to perform each of its obligations hereunder;
- 5.2.2. it has duly authorized, executed and delivered this Agreement and this Agreement constitutes a legally valid and binding obligation of it enforceable against it in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency and other laws of general application affecting the enforcement of creditors' rights and subject to general equitable principles; and
- 5.2.3. Assignee's performance of the obligations in this Agreement shall comply with and shall neither contravene, breach nor infringe any laws or regulations applicable in Canada.
- 5.2.4. the common shares of Assignee to be issued to Assignor as consideration under the Agreement shall be validly issued, non-assessable shares.

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5.3. Indemnities and Set-off

Each party agrees to defend, indemnify and hold the other party and its directors, officers and employees harmless from and against all losses, costs, damages, expenses and liabilities (including reasonable legal fees) which may be suffered or incurred by such other party arising out of or as a result of or relating in any manner whatsoever to any breach of this Agreement. The Assignor agrees that the Assignee shall be entitled to, firstly, set-off any amounts owing under Section 3.2 and, secondly, to redeem the share consideration issued under Section 3.1 at no cost, to satisfy amounts owing, if any, by the Assignor to the Assignee pursuant to this Section 5.3.

**ARTICLE 6.
GENERAL****6.1. Notices**

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by prepaid first-class mail, by facsimile or other means of electronic communication or by delivery as hereafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, shall be deemed to have been received on the fourth business day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the business day following the sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications shall be delivered by hand or sent by facsimile or other means of electronic communication and shall be deemed to have been received in accordance with this Section. Notices and other communications shall be addressed as follows:

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6.1.1. if to Assignor:

Watercorp Technologies Inc.
c/o Greg Harcourt
2153 Flinton Road
Flinton, Ontario
K0H 1P0

if to Assignee:

Watervest Technologies Inc.
Suite 3000
79 Wellington Street West
Toronto, Ontario
M5K 1N2

Attention: Michael Siltala
Telecopier No.: 416.865.7380

6.2. Severability

Any provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction and appropriate amendments shall be made to this Agreement to put the party who is disadvantaged by such invalidity or unenforceability in the same financial position as if no provision hereof were invalid or unenforceable. In the event that any portion of this Agreement shall have been so determined to be or become invalid or unenforceable (the "Offending Portion"), the parties shall negotiate in good faith such changes to this Agreement as shall best preserve for the parties the benefits and obligations of such Offending Portion.

6.3. Governing Law

This Agreement shall be exclusively governed by, and construed in accordance with, the laws applicable in the Province of Ontario, Canada and the laws of Canada applicable therein (without reference to conflicts of laws principles). Each party hereby submits and attorns to the exclusive jurisdiction of the federal or provincial courts located in Toronto, Ontario.

6.4. Successors and Assigns

This Agreement shall be binding upon and shall enure to the benefit of and be enforceable by each of the parties, their respective successors and permitted assigns. The Assignor

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shall not assign or subcontract all or any portion of this Agreement without the prior written consent of the Assignee.

6.5. Further Assurances

Each of the parties hereto shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use its best efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

6.6. Entire Agreement

Except as expressly provided for herein, this Agreement constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement. There are no warranties, conditions, or representations (including any that may be implied by statute) and there are no agreements in connection with such subject matter except as specifically set forth or referred to in this Agreement. No reliance is placed on any warranty, representation, opinion, advice or assertion of fact made either prior to, contemporaneous with, or after entering into this Agreement, or any amendment or supplement thereto, by any party to this Agreement or its directors, officers, employees or agents, to any other party to this Agreement or its directors, officers, employees or agents, except to the extent that the same has been reduced to writing and included as a term of this Agreement, and none of the parties to this Agreement has been induced to enter into this Agreement or any amendment or supplement by reason of any such warranty, representation, opinion, advice or assertion of fact. Accordingly, there shall be no liability, either in tort or in contract, assessed in relation to any such warranty, representation, opinion, advice or assertion of fact, except to the extent contemplated above.

6.7. Waiver

A waiver of any default, breach or non-compliance under this Agreement is not effective unless in writing and signed by the party to be bound by the waiver. No waiver shall be inferred from or implied by any failure to act or delay in acting by a party in respect of any default, breach, non-observance or by anything done or omitted to be done by another party. The waiver by a party of any default, breach or non-compliance under this Agreement shall not operate as a waiver of that party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-compliance (whether of the same or any other nature).

6.8. Agreement Drawn in English

The parties confirm that it is their wish that this Agreement, as well as all other documents relating hereto, including all notices, have been and shall be drawn up in the English language only. Les parties aux présentes confirment leur volonté que cette

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convention, de même que tous les documents, y compris tout avis, qui s'y rattachent, soient rédigés en langue anglaise.

6.9. Counterparts

This Agreement may be signed in counterparts (including counterparts signed by facsimile transmission) and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement.

WATERCORP TECHNOLOGIES INC.

By: 

WATERVEST TECHNOLOGIES INC.

By: 

ACKNOWLEDGEMENT AND AGREEMENT OF GREG HARCOURT

The undersigned does hereby acknowledge that he has reviewed this Agreement and, as the controlling shareholder of the Assignor and an inventor of the Assigned Intellectual Property, for good and valuable consideration, does hereby represent, warrant and agree as follows:

1. the undersigned has transferred his entire right, title and interest in and to the Intellectual Property Rights in the Assigned Intellectual Property to the Assignor prior to the date hereof;
2. all of the representations of warranties of the Assignor provided for in Section 6.1 are true and correct;
3. the undersigned guarantees the performance of all of the obligations of the Assignor under this Agreement; and
4. the undersigned agrees to the terms of Section 2.2 as if they applied to him and not the Assignor, including without limitation, the granting of a power of attorney to the Assignee as provided for therein.



Witness



GREG HARCOURT