

Form PTO-1595 (Rev. 03/05)  
OMB No. 0651-0027 (exp. 6/30/2005)

U.S. DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office

RECORDATION FORM COVER SHEET  
PATENTS ONLY

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

<b>1. Name of conveying party(ies)</b> <u>HUBERT PATROVSKY and</u> <u>PAT TECHNOLOGIES INC./</u> <u>TECHNOLOGIES PAT INC.</u> Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>2. Name and address of receiving party(ies)</b> Name: <u>ALTER INVEST FUND L.P.</u> Internal Address: _____ Street Address: <u>5 PLACE VILLE-MARIE</u> <u>Suite 600</u> City: <u>MONTREAL</u> State: <u>QUEBEC</u> Country: <u>CANADA</u> Zip: <u>H3B 5E7</u> Additional name(s) & address(es) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>3. Nature of conveyance/Execution Date(s):</b> Execution Date(s) <u>June 10, 2005</u> <input checked="" type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Joint Research Agreement <input type="checkbox"/> Government Interest Assignment <input type="checkbox"/> Executive Order 9424, Confirmatory License <input type="checkbox"/> Other _____	

<b>4. Application or patent number(s):</b> A. Patent Application No.(s) <u>60/541,221</u>	<input type="checkbox"/> This document is being filed together with a new application. B. Patent No.(s) <u>4710288</u> <u>6582598</u> Additional numbers attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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<b>5. Name and address to whom correspondence concerning document should be mailed:</b> Name: <u>KIM TOFFOLI</u> Internal Address: _____ Street Address: <u>800 RENE-LÈVESQUE</u> <u>OUEST, BUREAU 2220</u> City: <u>MONTREAL</u> State: <u>QUEBEC</u> Zip: <u>H3B 1X9</u> Phone Number: <u>(514) 875-7550</u> Fax Number: <u>(514) 871-7147</u> Email Address: <u>KToffoli@KaufmanLaramee.com</u>	<b>6. Total number of applications and patents involved:</b> <u>3</u> <b>7. Total fee (37 CFR 1.21(h) &amp; 3.41)</b> \$ <u>120.00</u> <input checked="" type="checkbox"/> Authorized to be charged by credit card <input type="checkbox"/> Authorized to be charged to deposit account <input type="checkbox"/> Enclosed <input type="checkbox"/> None required (government interest not affecting title) <b>8. Payment Information</b> a. Credit Card Last 4 Numbers <u>PTO 2038</u> Expiration Date <u>FOREN</u> b. Deposit Account Number <u>ATTACHED.</u> Authorized User Name _____
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<b>9. Signature:</b> <u>Kim Toffoli</u> Signature _____ Date <u>June 17, 2005</u> Name of Person Signing _____ Total number of pages including cover sheet, attachments, and documents: <u>24</u>
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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

OP \$120.00 60641221

**UNIVERSAL MOVABLE HYPOTHEC****BETWEEN:**

**ALTERINVEST FUND L.P. / FONDS ALTERINVEST, S.E.C.**, a limited partnership, legally constituted pursuant to the *Civil code of Quebec*, having its principal place of business in the City of Montreal at 5 Place Ville-Marie, Suite 600, Province of Quebec, H3B 5E7, represented by its general partner, **BUSINESS DEVELOPMENT BANK OF CANADA / BANQUE DE DÉVELOPPEMENT DU CANADA**, a Bank corporation continuing as a body corporate the Federal Business Development Bank under an Act of the Parliament of Canada, 42-43-44 Elizabeth II, (1994-1995), sanctioned on the 13th day of July one thousand nine hundred and ninety-five (1995), having its head office in the City of Montreal, 5 Place Ville-Marie, Province of Quebec, H3B 5E7, herein acting and represented by Daniele Landry, its General Manager, Subordinate Financing, hereunto duly authorized by a resolution passed on the 11<sup>th</sup> day of July 2002 herself represented by Kim Toffoli under a power of attorney under private seal, on the 20<sup>th</sup> day of April, 2005, said resolution and said power of attorney are appended hereto as Schedule "A" and Schedule "B";

*The notice of address of the Lender being registered at the Movable Real Rights Registry Office under number 027811.*

(hereinafter called the "**Lender**")

**AND:**

**PATT TECHNOLOGIES INC. / TECHNOLOGIES PATT INC.**, a corporation, duly incorporated under the *Canada Business Corporations Act*, having its head office located at 580 Industriel Blvd., in St-Eustache, Province of Quebec, J7R 5V3, herein acting and represented by Mr. Hubert Patrovsky, its president, hereunto duly authorized by a resolution of the Board of Directors, said resolution is appended hereto as Schedule "C".

(hereinafter called the "**Debtor**")

**AND:**

**HUBERT PATROVSKY**, businessman, residing and domiciled at 773 Galbrand, in Laval, Province of Quebec, H7X 3B5

(hereinafter called the "**Intervener**")

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**WHO HAVE DECLARED AND AGREED AS FOLLOWS:****I. THE INDEBTEDNESS**

The Lender has granted to the Debtor a loan in the amount of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) under a Loan Agreement entered into on this day by and between the Lender, the Debtor, 3652122 Canada Inc., Patt Medical Inc./Patt Médical Inc., as corporate guarantors and Mr. Hubert Patrovsky as personal guarantor.

This loan bears interest and is repayable at the interest rate and in accordance with the terms set forth in the Loan Agreement, which also provides for the payment of fees and other related costs. The Loan Agreement, its schedule, and all future modifications or amendments thereto, are hereafter referred to as the "Loan". All sums owing and to be owed by the Debtor as a result of the Loan, in principal, interest and otherwise, are hereinafter referred to as the "Indebtedness".

**II. HYPOTHEC**

1. To secure the payment of the Indebtedness and the performance of its obligations under this hypothec as well as under the Loan, the Debtor hypothecates and creates a security interest in the universality of all its movable property, corporeal and incorporeal, present and future, of whatever nature and wherever situated. Without limiting the generality of the foregoing, said hypothec includes the universality of the intellectual property of the Debtor, present and future, including trademarks, patents copyrights, licenses and permits, including, without limitation, all rights with respect to a License Agreement dated June 10, 2005 by and between the Intervener and the Debtor, industrial designs, commercial secrets and know-how.

The property set forth in paragraph 1 hereinbefore is hereinafter collectively referred to as the "**mortgaged property**".

2. The following property constitutes "mortgaged property" and, to the extent that it is not already included in the description in paragraph 1 above, is also charged by the hypothec and security interest constituted hereunder; therefore, the terms "mortgaged property" also include the following property:
  - a) the proceeds of any sale, lease or other disposition of the property described in paragraph 1, any debt resulting from such sale, lease or other disposition, as well as any property acquired to replace the mortgaged property;
  - b) any insurance or expropriation proceeds payable in respect of the mortgaged property;

- ### III. DEBTOR'S DECLARATIONS

1. The Debtor is the absolute owner of the movable property described at Article II; the mortgaged property is free and clear of all real rights, hypothecs or security other than the following:
  - a) Conventional Hypothec Without Delivery in the amount of three million one hundred twenty thousand dollars (\$3,120,000.00) granted by the Debtor (PHM Filtration Inc., previous name of the Debtor doing business under PHM acting under Patt Filtration a division of PHM Filtration Inc. and Patt Filtration a division of PHM Filtration Inc.) in favour of Roynat Inc. duly filed at the Register of Personal Movable Real Rights ("RPMRR") on July 14, 1999 under number 99-0111805-0001;
  - b) Conventional Hypothec Without Delivery in the amount of one million two hundred thousand dollars (\$1,200,000.00) granted by the Debtor (PHM Filtration Inc., previous name of the Debtor doing business under PHM acting under Patt Filtration a division of PHM Filtration Inc. and Patt Filtration a division of PHM Filtration Inc.) in favour of Roynat Inc. duly filed at the RPMRR, on May 16, 2000 under number 00-0124749-0002;
  - c) Conventional Hypothec Without Delivery in the amount of five hundred thousand dollars (\$500,000.00) granted by the Debtor (PHM Filtration Inc., previous name of the Debtor) in favour of Roynat Inc. duly filed at the RPMRR on May 16, 2000 under number 00-0124749-0005;
  - d) Conventional Hypothec Without Delivery in the amount of nine hundred thousand dollars (\$900,000.00) granted by the Debtor (PHM Filtration Inc., previous name of the Debtor) in favour of the Roynat Inc. duly filed at the RPMRR on June 27, 2002 under number 02-0279604-0001;
  - e) Conventional Hypothec Without Delivery in the amount of one million two hundred thirty thousand dollars (\$1,230,000.00) granted

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by the Debtor (PHM Filtration Inc., previous name of the Debtor doing business under PHM acting under Patt Filtration) in favour of Roynat Inc. duly filed at the RPMRR on June 27, 2002 under number 02-0279719-0001;

- f) Conventional Hypothec Without Delivery in the amount of three hundred thousand dollars (\$300,000.00) granted by the Debtor in favour of Financement d'équipement GE Canada S.E.N.C. duly filed at the RPMRR on December 29, 2003 under number 03-0685951-0001;
- g) Conventional Hypothec Without Delivery in the amount of one million nine thousand seven hundred thirty-five dollars and twenty cents (\$1,009,735.20) granted by the Debtor in favour of Société de services de credit-bail GE Canada duly filed at the RPMRR on December 29, 2003 under number 03-0687028-0001;
- h) Conventional Hypothec Without Delivery in the amount of three million six hundred thousand dollars (\$3,600,000.00) granted by the Debtor in favour of Banque HSBC Canada duly filed at the RPMRR on October 15, 2004 under number 04-0600307-0001;
- i) Conventional Hypothec Without Delivery in the amount of ninety thousand dollars (\$90,000.00) granted by the Debtor and the Debtor acting under Filtration Patt/Patt Filtration and under Ioniques Patt Ionics, duly filed at the RPMRR on January 7, 2005 under number 05-0004383-0001;
- j) Conventional Hypothec Without Delivery in the amount of nine hundred sixty thousand dollars (\$960,000.00) granted by the Debtor in favour of Société de services de credit-bail GE Canada duly filed at the RPMRR on January 13, 2005 under number 05-0014024-0001;
- k) Security granted in favour of Banque Nouvelle-Ecosse in respect of section 427 of the *Lender Act* registered at the Canadian Securities Registration Systems ("CSRS"), July 12, 2000 under number 01067869.
- l) Security granted in favour of HSBC Bank Canada in respect of section 427 of the *Lender Act* registered at the CSRS, October 18, 2004 under number 01166598.
- 2. The Debtor is in compliance with all applicable laws, ordinances, regulations and policies, the breach of which could have an adverse effect on the Debtor's business or its ability to perform its obligations under this loan and the security, including environmental laws and regulations.
- 3. The rents and income of the mortgaged property have not been assigned to any third party.
- 4. The mortgaged property is and will be situated in the Province of Quebec, namely at the Debtor's head office located at 580 Industriel Blvd., in St-Eustache, Province of Quebec, J7R 5V3.

**IV. COVENANTS**

1. The Debtor shall inform the Lender without delay of any change to its name or to the contents of the representations made in article III. He shall provide on the Lender's request, all the original documents to protect the Lender's rights.
2. The Debtor shall pay, when due, all duties, taxes and charges relating to the mortgaged property, as well as any debt which could rank prior to the hypothec and security interest constituted hereunder and shall provide to the Lender, on demand, evidence that the payments described herein have been made.
3. The Debtor shall insure the mortgaged property and keep it constantly insured for its full insurable value against damage caused by theft, fire and all other risks against which a prudent administrator would insure the mortgaged property. The Lender is hereby designated as a beneficiary of the indemnities payable under these policies and the Debtor shall cause such designation to be inscribed in the policies. The Debtor shall provide the Lender with a copy of each policy and, at least thirty (30) days prior to the expiration or cancellation of a policy, a copy of the renewal or replacement thereof. Receipt by the Lender of such proceeds, whether or not remitted to or endorsed by the Debtor shall not reduce the Lender's rights and privileges unless said proceeds are applied expressly as a reduction of any outstanding balance of the Indebtedness and shall not in any case constitute novation.
4. The Debtor shall do all things and sign all documents necessary for the hypothec and security interest constituted hereunder to have full effect and be perfected and constantly enforceable against third parties.
5. The Debtor shall protect and adequately maintain the mortgaged property and exercise its activities in such a manner as to preserve its value. The Debtor shall fully comply with all laws and regulations applicable to the operation of its business and to the mortgaged property, including without limitation environmental laws and regulations.
6. The Debtor shall keep all books, records and accounts which a prudent administrator would keep with respect to the mortgaged property and shall permit the Lender to examine said books records and accounts and obtain copies of same.
7. The Debtor shall keep the mortgaged property free of all real rights, hypothecs or security, save those which the Lender has consented to in writing including as described in Section III 1 above. The Debtor shall not give, grant, assume or permit to exist, any lien, hypothec, mortgage, security interest or other encumbrance on any of its assets that are subject to the security other than encumbrances agreed to in writing by the Lender.
8. The Debtor shall not dispose of the mortgaged property or lease same, including without limitation, the licensing of any intellectual property, unless the Lender consents thereto in writing. However,

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if not in default hereunder, the Debtor may sell or lease its inventory at market conditions in the ordinary course of its business. Moreover, if a disposition is made without the Lender's prior consent, the Lender shall be entitled to demand immediate repayment of the Indebtedness, even if it is not yet due.

9. The Debtor shall not change the use, destination or nature of the mortgaged property nor remove the mortgaged property from its present location, unless the Lender consents thereto in writing.
10. If the Debtor is a corporation, the Debtor shall not amalgamate with another person nor commence dissolution or liquidation proceedings, without the written consent of the Lender.
11. Where the mortgaged property includes inventory and accounts receivable, the Debtor shall provide the Lender monthly with a statement (by category) of the value of its inventory (calculated at the lesser of cost or market value) and a list of its accounts receivable (indicating their amount and age).
12. The Debtor shall provide the Lender with all information reasonably required by it to verify if the Debtor is in compliance with the covenants and obligations contained herein. The Debtor shall inform the Lender of any fact or event which could adversely affect the value of the mortgaged property or the financial condition of the Debtor.
13. The Debtor shall pay all costs incurred by the Lender with respect to this agreement and to any release relating thereto, including the fees of the Lender's legal counsel and fees incurred in order to render the Lender's rights opposable to third parties.
14. On demand, the Debtor shall pay the amount of any loss suffered by the Lender due to the repayment before maturity of the Indebtedness, whatever may be the cause of such repayment (including where a repayment is made further to an event of default), the whole subject to the terms of the Loan. The amount of this loss shall form part of the Indebtedness.
15. The Debtor shall reimburse the Lender for all costs and expenses incurred by it to exercise its rights or to fulfill the obligations of the Debtor, with interest at the annual rate then applicable to the principal of the Indebtedness under the Loan. The hypothec and security interest granted hereby under paragraph II hereof shall also secure the reimbursement of said costs and expenses as well as the payment of said interest.
16. The Debtor shall at all times pay the Lender, at the latter's request, all judicial fees, charges or other legal expenses as well as extra judicial fees in accordance with the tariffs established under the Bar Act and its ensuing regulations, the expenses and fees of an agent or trustee, or any costs incurred in the course of ensuring fulfillment of all of the Debtor's obligations hereunder, protecting and realizing the assets given as security for this loan, or appraising the assets during the life of the loan or in the event of their liquidation.

In addition, the Debtor covenants to pay the costs of any appraiser and any environmental investigator engaged by the Lender to effect any inspection, appraisal, investigation or environmental audit of the secured assets during the life of the Loan or in the event of their liquidation, and the cost of any environmental rehabilitation, removal, or repair necessary to protect, preserve or remediate the secured assets, including any fine or penalty the Lender is obliged to incur by reason of any statute, order or direction by competent authority.

## V. ENVIRONMENT

The Debtor represents and agrees that:

- a) it operates and will continue to operate in conformity with all environmental laws and will ensure its staff is trained as required for that purpose;
- b) its assets are and will remain free of environmental damage or contamination;
- c) there has been no complaint, prosecution, investigation or proceeding with respect to the Debtor's business or assets;
- d) it will advise the Lender immediately upon becoming aware of any environmental problem;
- e) it will provide the Lender with copies of all communications with environmental officials and all studies or assessments prepared for the Debtor and does consent to the Lender contacting and making inquiries of officials or assessors.

## VI. RIGHTS OF THE LENDER

1. The Lender may inspect or have the mortgaged property appraised from time to time at the Debtor's expense and, for that purpose, shall be permitted access to the premises where the mortgaged property is located and to the Debtor's places of business for that purpose. The Debtor shall also allow the Lender to examine and obtain copies of all books of account and documents relating to the mortgaged property.
2. The Lender may inspect and copy the Debtor's Books and Records, either at the Debtor's premises or at the financial advisor's premises. The Lender may contact and make inquiries with the Debtor's lessors as well as environmental officials, assessors, municipal authorities and any taxing body.

In addition to the reporting requirements set out herein, the Lender may require the opinion of an independent qualified auditor.



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- 3. The Lender may, without being bound to do so, fulfill any or all of the obligations of the Debtor hereunder.
- 4. The Debtor may collect all debts forming part of the mortgaged property until the Lender withdraws its authorization to the Debtor to do so. Upon such withdrawal, the Lender may collect such debts and shall be entitled to a reasonable commission which it may deduct from any amount collected.
- 5. Where the mortgaged property includes shares or securities, the Lender may, without being bound to do so, cause itself to be registered as the holder of these shares or securities and exercise any right attached thereto, including any right to vote and any right of conversion or redemption.
- 6. If the Lender has possession of the mortgaged property, it shall have no obligation to maintain the use for which the mortgaged property is normally intended nor to make it productive nor to continue its use or operation. However, the Lender may, without being bound to do so, sell the mortgaged property in its possession where the mortgaged property is likely to perish, depreciate or decrease in value.
- 7. The Debtor constitutes and appoints the Lender as its irrevocable attorney, with full power of substitution, in order to do any act and to sign any document necessary or useful to the exercise of the rights conferred on the Lender hereunder.
- 8. The rights conferred on the Lender under this article VI may be exercised by the Lender irrespective of whether the Debtor is or is not in default hereunder, *except with respect to section 4 hereinafter which shall*

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*be exercised upon default.*

**VII. DEFAULTS AND RECOURSES**

- 1. The Debtor shall be in default in each and every one of the following events:
  - a) If any or all of the obligations secured under this agreement are not paid or performed when due;
  - b) If any of the representations made in article III or warranty made herein is inaccurate or ceases to be accurate;
  - c) If the Debtor does not fulfill any one of its covenants hereunder;
  - d) If the Debtor is in default under the Loan;
  - e) If the Debtor is in default under any other contract or agreement between it and the Lender or under any other hypothec or security affecting the mortgaged property;
  - f) If the Debtor ceases to carry on its business, becomes insolvent or Lenderrupt; or

- g) If any or all of the mortgaged property is seized or is subject to a taking of possession by a creditor, a receiver or any other person performing similar functions.
  - h) An order of execution against the Debtor's assets or any part thereof remains unsatisfied for a period of ten (10) days.
  - i) The Lessor under any lease to the Debtor of any immovable/real or moveable/personal property, taken any steps to or threatens to terminate such lease, or otherwise exercise any of its remedies under such lease as a results of any default thereunder by the Debtor.
  - j) The Debtor causes or allows hazardous materials to be brought upon any land or premises occupied by the Debtor or incorporated into any of its assets without the Lender's prior consent, or if the Debtor causes, permits or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority.
  - k) Default under any operating permit, lease of land or personal property or in arrears of payment to any taxing authority.
2. Upon the Debtor's default, the Lender may terminate any obligation it may have had to grant credit or make advances to the Debtor and declare exigible all obligations of the Debtor which are not yet due. Upon such default, the Lender may also exercise all recourses available to it under applicable law and may realize on its hypothec and security interest, including enforcing the hypothecary rights provided in the Civil Code of Quebec.
3. In order to realize on its hypothec and security interest, the Lender may use the premises where the mortgaged property and other property of the Debtor are situated at the expense of the Debtor. Where the mortgaged property includes debts, the Lender may compromise or transact with the debtors of these debts and may grant releases and discharges in respect of same. Where the mortgaged property includes inventory, the Lender may complete the manufacture of such inventory and do all things necessary or useful to its sale.

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**VIII. ADDITIONAL HYPOTHEC**

To secure the payment of interest not already secured by the hypothec created in Article II and to further secure the performance of its obligations hereunder, the Debtor hypothecates all of the property described in Article II for an additional amount equal to twenty percent (20%) of the principal amount of the hypothec created in Article II.

**IX. GENERAL PROVISIONS**

1. The hypothec and security interest created hereby are in addition to and not in substitution for any other hypothec or security held by the Lender.
2. This hypothec and security interest are a continuing security and shall subsist notwithstanding the payment from time to time, in whole or in part, of any of the obligations secured hereunder. The Debtor shall not, without the Lender's written consent, subrogate third parties in the hypothec or the Lender's rights hereunder.
3. In each case provided in paragraph 1 of article VII, the Debtor shall be in default by the mere lapse of time, without the necessity of any notice or demand.
4. Where this hypothec and security interest are granted by more than one person, each such person shall be jointly and severally liable to the Lender for the performance of all obligations provided herein.
5. Any sum collected by the Lender in the exercise of its rights may be held by the Lender, as mortgaged property, or may be applied to the payment of the obligations secured hereunder, whether or not yet due. The Lender shall have discretion as to how any such collected sum shall be applied.
6. The exercise by the Lender of any of its rights shall not preclude the Lender from exercising any other right; all the rights of the Lender are cumulative and not alternative. The failure of or forbearance by the Lender to exercise any of its rights resulting from this agreement shall not constitute a renunciation to the later exercise of such right. The Lender may exercise its rights resulting from this agreement without being required to exercise any right against the Debtor or against any other person liable for the payment of the obligations secured hereunder or to realize on any other security held for the payment of such obligations. No action or omission on the part of the Lender shall constitute or imply a renunciation of its rights to decide the Debtor is in default or to avail itself of its rights pursuant to such default, unless the Lender explicitly declares otherwise after the default has occurred.
7. The Lender shall only be required to exercise reasonable care in the exercise of its rights and the performance of its obligations

and, in any event, shall only be liable for its intentional fault or gross negligence.

- 8. The Lender may delegate to another person the exercise of its rights or the performance of its obligations resulting from this agreement. In such a case, the Lender may provide that person with any information it may have concerning the Debtor or the mortgaged property.
- 9. The rights of the Lender hereunder shall benefit any successor of the Lender, including any person resulting from the amalgamation of the Lender with any other person.

**X. INTERPRETATION**

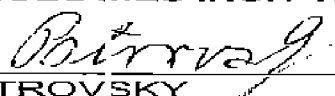
- 1. If the word "Debtor" designates more than one person, each such person shall be jointly and severally liable to the Lender for the performance of all the obligations provided in this deed.
- 2. The rights and recourses of the Lender may be exercised against all the mortgaged property or separately against any portion thereof.
- 3. This deed shall be governed and interpreted by the law in force in the Province of Quebec. The parties hereto have expressly agreed that this deed be executed in the English language. Les parties ont expressément convenu que le présent acte soit rédigé en anglais.

**XI. ELECTION OF DOMICILE**

The Debtor elects domicile at the address set forth in the heading of this Hypothec. Should the Lender be unable to reach the Debtor at such address or at the last address provided by the Debtor in writing, then the Debtor elects domicile at the Office of the Clerk of the Superior Court of the District of Montreal.

WHEREOF the parties have signed in Montreal, on this 10<sup>th</sup> day of June, 2005.

**PATT TECHNOLOGIES INC. / TECHNOLOGIES PATT INC.**

Per:   
HUBERT PATROVSKY

**ALTERINVEST FUND L.P. / FONDS ALTERINVEST, S.E.C.  
Represented by its general partner Business Development  
Bank of Canada/Banque de Développement du Canada**

Per:   
Kim Toffoli

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INTERVENING

Intervening to this Agreement, Hubert Patrovsky, businessman, hereby acknowledging and declaring having taken cognizance of the terms set forth herein and accepting same.

Signed at Montreal, on this 10<sup>th</sup> day of June, 2005.

  
\_\_\_\_\_  
HUBERT PATROVSKY

**Schedule "A"**  
to the Universal Movable Hypothec  
between the  
AlterInvest Fund L.P. / Fonds AlterInvest, S.E.C.  
  
and  
Patt Technologies Inc. / Technologies Patt Inc.

Resolution of Lender  
(see documents appended hereto)

**BANQUE DE DÉVELOPPEMENT DU CANADA  
EXTRAIT DE RÉOLUTION DE SIGNATURE  
SECTION 2 - SERVICES JURIDIQUES**

"Que l'une des personnes suivantes, à savoir tout directeur de comptes ou toute personne détenant une position de niveau supérieur à celle de directeur de comptes, soit par les présentes autorisée à signer, exécuter et remettre pour le compte de la Banque,

des conventions de prêts, actes de fiducie, contrats de cautionnement et de prise ferme, actes d'aliénation, d'acquisition, de subrogation ou de priorité de rang, transports, actes de vente, transferts, cessions, taux, hypothèques, nantissements et charges sur les biens personnels, mobiliers ou immobiliers, y compris des dettes, créances, droits d'action et droits incorporels de toutes sortes, et actions ou obligations de corporations, remises, libérations, quittances, décharges et actes de mainlevée totale ou partielle, avec ou sans contrepartie, renonciations et prorogations, procurations, mandats, nomination de séquestres ou d'agents, accords provisoires d'achat et de vente de biens immobiliers et contrats d'inscription, demandes d'indemnité et preuves de réclamation, conventions de priorité, lettres d'indemnisation, enclossement de tous les chèques, billets à ordre, lettres de change, mandats de paiement, traites ou autres effets négociables émis par une ou plusieurs compagnies d'assurance ou leurs agents ou experts et qui sont payables soit à la Banque exclusivement, soit conjointement à la Banque et à d'autres bénéficiaires conjointement,

et, de façon générale, tous les autres documents se rapportant aux prêts et cautionnements qui, selon les titulaires, peuvent être nécessaires aux fins des activités de la Banque, avec pleins pouvoirs de substitution dans des cas particuliers. "

Je soussigné(e), certifie par les présentes que l'extrait de résolution ci-dessus est un extrait conforme de la résolution de signature qui a été dûment adoptée à une réunion du bureau d'un conseil de la Banque dûment tenue le onzième jour de juillet 2002 et que la résolution est toujours en vigueur.

Je certifie de plus que ce qui suit constitue la liste de certains des titulaires aptes à exercer les pouvoirs qui y sont conférés et, qu'à cette date,

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ils occupent toujours ces fonctions, savoir:

André Jarry, vice-président, Gestion du risque de crédit,  
 France Bergeron, vice-présidente et directrice de secteur,  
 Liliane Blais, vice-présidente et directrice de secteur,  
 France de Gaspé Beaubien, vice-présidente et directrice de secteur,  
 Alain Gilbert, vice-président et directeur de secteur,  
 Jean Robert Lacasse, vice-président et directeur de secteur,  
 Thierry Limoges, vice-président et directeur de secteur,  
 Louis Cayer, VPA, Comptes spéciaux,  
 Christine Boutros, VPA, Gestion du risque de crédit,  
 Jean Drouin, VPA, Gestion du risque de crédit,  
 Michel Dubuc, VPA, Gestion du risque,  
 Serge Joubert, VPA, Gestion du risque de crédit,  
 Denis Poirier, VPA, Gestion du risque de crédit,  
 Josée Leclair, VPA, Gestion du risque de crédit,  
 Gilles Lapière, VPA, Gestion du risque de crédit,  
 Martin Roy, VPA, Gestion du risque de crédit,  
 Michel Tremblay, VPA, Gestion du risque de crédit,  
 Michel Trépanier, VPA, Gestion du risque de crédit,  
 Roger Michel, directeur général, Financement subordonné,  
 Danielle Landry, directrice générale, Financement subordonné  
 Jacques Auger, directeur de secteur, Comptes spéciaux,  
 Ghislain Hudon, directeur de secteur, Comptes spéciaux,  
 Sylvain Lessard, directeur, Ressources humaines,  
 Gilles Charron, directeur, Services juridiques,  
 Yannik Bélanger, directeur de succursale  
 Richard Belley, directeur de succursale,  
 François Carrière, directeur de succursale  
 Dany Couillard, directeur de succursale,  
 Louise Descôteaux, directrice de succursale,  
 Yanick Dionne, directeur de succursale  
 Josée Drapeau, directrice de succursale,  
 Danny Grimard, directeur de succursale,  
 Steve Lalancette, directeur de succursale,  
 Mario Larouche, directeur de succursale  
 Peter O'Grady, directeur de succursale,  
 Chantal Parent, directrice de succursale,  
 Denis Therrien, directeur de succursale,  
 Diane Vandal, directrice de succursale,  
 Chantal Aubry, directrice de secteur,  
 Philippe Bélair, directeur de secteur,  
 Anne Laganère, directrice de secteur,  
 Sylvie Laurin, directrice de secteur, (par intérim)  
 Elizabeth Olley, directrice de secteur  
 Tariq Qureshi, directeur de secteur  
 Annie Simard, directrice de secteur,  
 Pierre St-Jean, directeur de secteur,  
 Maggy Tawil, directrice de secteur,  
 Marie-Josée Thibault, directrice de secteur,  
 Yim Han, directrice de secteur

Daté à Montréal, Québec, ce 27<sup>e</sup> jour du mois de mars 2005
  
 Secrétaire institutionnelle adjointe

Ce document est un extrait de la Résolution de signature de la Banque de  
 développement du Canada dont il est fait mention dans l'acte ci-annexé, signé devant  
 Me \_\_\_\_\_, notaire, le \_\_\_\_ jour du mois de \_\_\_\_\_ 20\_\_ portant  
 le numéro \_\_\_\_\_ des minutes dudit notaire, et reconnue véritable par  
 \_\_\_\_\_ et le notaire soussigné.

PATC Technologies Inc.  
 Lavel



**Schedule "B"**

to the Universal Movable Hypothec

between the

AlterInvest Fund L.P. / Foncis AlterInvest, S.E.C.

and

Patt Technologies Inc. / Technologies Patt Inc.

Proxy of Lender

(see documents appended hereto)

## PROCURATION

**FONDS ALTERINVEST, S.E.C.**, société en commandite agissant par son commandité **BANQUE DE DÉVELOPPEMENT DU CANADA**, corporation bancaire continuant la personnalité morale de la Banque Fédérale de Développement par une loi du Parlement du Canada, 42-43-44 Élisabeth II (1994-1995), sanctionnée le 13 juillet 1995, ayant son siège social au 5, Place Ville-Marie, bureau 400, Montréal (Québec) H3B 5E7, agissant à ces présentes et représentée par Danielle Landry, Directrice générale, Financement Subordonné, dûment autorisée aux fins des présentes, tel qu'elle déclare,

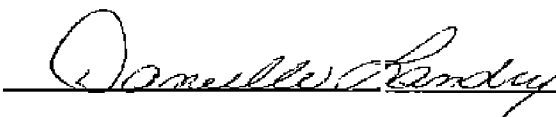
### NOMME ET CONSTITUE

**Me Kim Toffoli, Avocate**

Sa mandataire spéciale à qui elle donne pouvoir de signer en son nom, tous actes et documents contenant les conditions et garanties attachées au Financement numéro 032139-01 consenti à **Patt Technologies inc** selon les termes de la Lettre d'Offre de Financement de ladite Banque et des annexes qui en font partie, datée du 23 mars 2005, de la lettre de modifications datée du 13 avril 2005 ainsi que des modifications subséquentes.

**FAIT ET SIGNÉ** en la cité de Montréal, Québec, ce vingtième (20) jour du mois de avril deux mille cinq 2005.

**FONDS ALTERINVEST, S.E.C.**, société en commandite agissant par son commandité **BANQUE DE DÉVELOPPEMENT DU CANADA**.



Danielle Landry  
Directrice générale, Financement subordonné

**Schedule "C"**  
to the Universal Movable Hypothec  
between the  
AlterInvest Fund L.P. / Fonds AlterInvest, S.E.C.  
and  
Patt Technologies Inc. / Technologies Patt Inc.

Resolution of Debtor  
(see documents appended hereto)



**PATT TECHNOLOGES INC. /  
TECHNOLOGIES PATT INC.  
(the "Corporation")**

**RESOLUTION OF BORROWER**

"Upon motion, duly proposed and seconded, it was unanimously resolved:

THAT this Corporation borrow from AlterInvest Fund L.P. / Fonds AlterInvest, S.E.C. (hereinafter called the "**Lender**"), the principal sum in the amount of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00), on the terms and at the interest rate set forth in the Lender's Letter of Offer of Financing dated March 23, 2005 and accepted by the Corporation as borrower, and by 3652122 Canada Inc. and Patt Médical Inc., as corporate guarantors, and by Hubert Patrovsky, as personal guarantor, as amended by letters of amendment dated April 13, 2005 and June 7, 2005, its schedules and all amendments thereto, as well as the Loan Agreement (hereinafter called the "**Loan**"). Such interest shall be calculated from the date of any disbursement and shall be calculated and payable monthly with interest on all overdue interest at the same rate;

THAT to guarantee the fulfillment of the obligations of the Corporation under the terms of the Loan signed for the amount of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00), the Corporation sign in favor of the Lender:

= a Loan Agreement by and between the Lender, the Corporation, 3652122 Canada Inc. and Patt Medical Inc./Patt Médical Inc., as corporate guarantors and Hubert Patrovsky, as personal guarantor (hereinafter called the "**Loan Agreement**");

= a Deed of Universal Movable Hypothec including a principal hypothec in the amount of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00), an additional hypothec equal to twenty percent (20%) of the amount of the principal hypothec, the whole bearing interest at an annual rate of twenty-five percent (25%) on the universality of all the movable property of the Corporation, corporeal and incorporeal, present and future, as more fully described in the draft submitted to the Corporation's Directors, as well as the proceeds of any sale, lease or other disposal of said property, any debt resulting from such sale, lease or other disposal, as well as any property acquired to replace the mortgaged property, any insurance or expropriation indemnity payable in respect of the mortgaged property, the fruits and income produced by the mortgaged property, as well as any rights attached thereto and all deeds, documents, registers, invoices, and books of account evidencing the mortgaged property or relating thereto (hereinafter called the "**Deed of Universal Movable Hypothec**");

THAT the draft Deed of Universal Movable Hypothec as well as the Loan Agreement submitted to this meeting be and are hereby duly approved;

THAT Hubert Patrovsky, President and Director of the Corporation, be authorized to sign, for and on behalf of the Corporation, the Loan Agreement and the Deed of Universal Movable Hypothec with the same form and content as the drafts submitted to the Directors, as well as any other appropriate document necessary to give effect to this resolution and to the Loan Agreement and the Deed of Universal Movable Hypothec, Hubert Patrovsky being duly authorized and empowered to negotiate the terms and conditions of same."

The undersigned, Secretary of **PATT TECHNOLOGIES INC. / TECHNOLOGIES PATT INC.**, hereby certifies that the foregoing is a true and correct copy of a Resolution adopted by the Board of Directors of said Corporation at a meeting thereof duly called and held on the 7<sup>th</sup> day of June, 2005, and that said Resolution is now in full force and effect, unamended.

DATED in Montreal, this 10<sup>th</sup> day of June, 2005.

  
HUBERT PATROVSKY, Secretary

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**AFFIDAVIT**

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I, the undersigned, Chantal Garand, Legal Assistant, domiciled and residing at 179 Belmont Street, in Châteauguay, province of Quebec, J6J 4X1, having been duly sworn, do hereby depose and say :

1. I am one of the witnesses to the execution of the Universal Movable Hypothec dated June 10<sup>th</sup>, 2005 between AlterInvest Fund L.P./Fonds AlterInvest, S.E.C. represented by its general partner, Business Development Bank of Canada/Banque de Développement du Canada and Patt Technologies Inc. / Technologies Patt Inc., a copy of which is attached hereto;
2. The said Universal Movable Hypothec was executed in my presence and in the presence of the other Witness, Jean Mador.

AND I HAVE SIGNED

  
Chantal Garand

Solemnly affirmed before me at  
Montreal, this 10<sup>th</sup> day of June 2005

  
Commissioner of Oaths

