

05-21-2009

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



103561177

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)

Fuel Transfer Technologies, Inc.

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

3. Nature of conveyance/Execution Date(s):

Execution Date(s) March 31, 2009

☐ Assignment

☐ Merger

☒ Security Agreement

☐ Change of Name

☐ Joint Research Agreement

☐ Government Interest Assignment

☐ Executive Order 9424, Confirmatory License

☐ Other

2. Name and address of receiving party(ies)

Name: Entreprise Navy Inc.

Internal Address: n/a

Street Address: 2583, Route 205

City: St-Francis-de-Madawaska

State: New Brunswick

Country: Canada Zip: E7A 1K1

Additional name(s) & address(es) attached? ☒ Yes ☐ No

4. Application or patent number(s):

A. Patent Application No.(s)

11/222,224

11/621,548

11/943,568

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

B. Patent No.(s)

Additional numbers attached? ☒ Yes ☐ No

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

Name: Elizabeth Kelly

Internal Address: Suite 400, Phoenix Square

Street Address: 371 Queen Street

P.O. Box 310

City: Fredericton

State: New Brunswick Zip: E3B 4Y9

Phone Number: (506) 462-4752

Fax Number: (506) 453-9600

Email Address: ekelly@coxandpalmer.com

6. Total number of applications and patents involved: five (5)

7. Total fee (37 CFR 1.21(h) & 3.41) \$ 200.00

☐ 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 00000002 12222224

Authorized User Name

200.00

9. Signature:

E. A. Kelly

Signature

May 8, 2009

Date

Elizabeth A. Kelly

Name of Person Signing

Total number of pages including cover sheet, attachments, and documents: 5

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, V.A. 22313-1450

2. Additional Name & Address of Receiving Party

Name: 510667 N.B. Inc.
Street Address: 2981, Route 205
City: St-Francios-de-Madawaska,
State/Province: New Brunswick
Country: Canada
Zip/Postal Code: E7A 1R1

4. Additional Application Numbers:

11/779,881 (See attached Notice Granting Renewed Petition)
11/779,882 (See attached Notice Granting Renewed Petition)

pg. 2/5

GENERAL SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made the 31st day of March, 2009

BETWEEN:

FUEL TRANSFER TECHNOLOGIES, INC.,

a corporation existing under the laws of the
Province of New Brunswick, (the "**Debtor**")

- and -

ENTREPRISE NOVY INC.,

a corporation existing under the laws of the
Province of New Brunswick, (the "**Secured Party**")

1. SECURITY INTEREST

For consideration and as security for the payment and performance of the Obligations referred to in Clause 3, the Debtor, subject to the exceptions set out in Clause 2, hereby mortgages, charges, assigns and transfers to the Secured Party, and grants to the Secured Party a security interest in, all the Debtor's right, title and interest in and to all presently owned or held and after acquired or held personal property, assets and undertakings of the Debtor (other than real property), of whatever nature or kind and wheresoever situate and all proceeds thereof and therefrom (all of which is hereinafter collectively called the "**Collateral**") including, without limiting the generality of the foregoing:

- (a) Equipment: all equipment, including, without limiting the generality of the foregoing, machinery, tools, fixtures, furniture, furnishings, chattels, motor vehicles, vessels and other tangible personal property that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the foregoing (all of which is hereinafter collectively called the "**Equipment**");
- (b) Inventory: all inventory of the Debtor, including, without limiting the generality of the foregoing, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is hereinafter collectively called the "**Inventory**");
- (c) Accounts: all debts, accounts, claims, monies and choses in action which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the said debts, accounts, claims, monies and

choses in action or any part thereof (all of which is hereinafter collectively called the "**Accounts**");

- (d) Other Personal Property: all documents of title, chattel paper, instruments, securities and money, and all other goods of the Debtor that are not Equipment, Inventory or Accounts; and
- (e) Intangibles: all contractual rights, licenses, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Debtor including such intellectual property set out in Schedule A, all other choses in action of the Debtor of every kind which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor, and all other intangible property of the Debtor which is not Accounts, chattel paper, instruments, documents of title, securities or money.

2. **EXCEPTIONS**

- (a) The last day of the term created by any lease or agreement therefor is hereby excepted out of any mortgage, charge, assignment or security interest created by this Security Agreement, but the Debtor shall stand possessed of the reversion thereby remaining upon trust to assign and dispose thereof to any third party as the Secured Party shall direct; and
- (b) there shall be excluded from the security interests hereby created any consumer goods of the Debtor.

3. **OBLIGATIONS SECURED**

This Security Agreement and the security interests hereby created shall be general and continuing security for the repayment by the Debtor to the Secured Party of the \$250,000 deposit as provided for in a certain agreement dated March 31, 2009 between the Debtor and the Secured Party (the "**Purchase Agreement**") with respect to, among other things, the purchase by the Secured Party of 5,000 5-gallon G-Can™ units to be manufactured by the Debtor. The obligation of the Debtor to repay such deposit in accordance with the terms of the Purchase Agreement is referred to hereinafter as the "**Obligations**".

4. **ATTACHMENT**

The Debtor acknowledges that the security interests hereby created attach upon the execution of this Security Agreement (or in the case of any after acquired property, upon the date of acquisition thereof), that value has been given, and that the Debtor has, or in the case of after acquired property will have, rights in the Collateral.

5. **REPRESENTATIONS AND WARRANTIES**

- (a) The Debtor represents and warrants that this Security Agreement is granted in accordance with a resolution of the directors of the Debtor and all other matters and things have been done and performed so as to authorize and make the

GENERAL SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made the 31st day of March, 2009

BETWEEN:

FUEL TRANSFER TECHNOLOGIES, INC.,

a corporation existing under the laws of the
Province of New Brunswick, (the "**Debtor**")

- and -

ENTREPRISE NOVY INC.,

a corporation existing under the laws of the
Province of New Brunswick, (the "**Secured Party**")

1. SECURITY INTEREST

For consideration and as security for the payment and performance of the Obligations referred to in Clause 3, the Debtor, subject to the exceptions set out in Clause 2, hereby mortgages, charges, assigns and transfers to the Secured Party, and grants to the Secured Party a security interest in, all the Debtor's right, title and interest in and to all presently owned or held and after acquired or held personal property, assets and undertakings of the Debtor (other than real property), of whatever nature or kind and wheresoever situate and all proceeds thereof and therefrom (all of which is hereinafter collectively called the "**Collateral**") including, without limiting the generality of the foregoing:

- (a) Equipment: all equipment, including, without limiting the generality of the foregoing, machinery, tools, fixtures, furniture, furnishings, chattels, motor vehicles, vessels and other tangible personal property that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the foregoing (all of which is hereinafter collectively called the "**Equipment**");
- (b) Inventory: all inventory of the Debtor, including, without limiting the generality of the foregoing, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is hereinafter collectively called the "**Inventory**");
- (c) Accounts: all debts, accounts, claims, monies and choses in action which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the said debts, accounts, claims, monies and

choses in action or any part thereof (all of which is hereinafter collectively called the "**Accounts**");

- (d) Other Personal Property: all documents of title, chattel paper, instruments, securities and money, and all other goods of the Debtor that are not Equipment, Inventory or Accounts; and
- (e) Intangibles: all contractual rights, licenses, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Debtor including such intellectual property set out in Schedule A, all other choses in action of the Debtor of every kind which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor, and all other intangible property of the Debtor which is not Accounts, chattel paper, instruments, documents of title, securities or money.

2. EXCEPTIONS

- (a) The last day of the term created by any lease or agreement therefor is hereby excepted out of any mortgage, charge, assignment or security interest created by this Security Agreement, but the Debtor shall stand possessed of the reversion thereby remaining upon trust to assign and dispose thereof to any third party as the Secured Party shall direct; and
- (b) there shall be excluded from the security interests hereby created any consumer goods of the Debtor.

3. OBLIGATIONS SECURED

This Security Agreement and the security interests hereby created shall be general and continuing security for the repayment by the Debtor to the Secured Party of the \$250,000 deposit as provided for in a certain agreement dated March 31, 2009 between the Debtor and the Secured Party (the "**Purchase Agreement**") with respect to, among other things, the purchase by the Secured Party of 5,000 5-gallon G-Can™ units to be manufactured by the Debtor. The obligation of the Debtor to repay such deposit in accordance with the terms of the Purchase Agreement is referred to hereinafter as the "**Obligations**".

4. ATTACHMENT

The Debtor acknowledges that the security interests hereby created attach upon the execution of this Security Agreement (or in the case of any after acquired property, upon the date of acquisition thereof), that value has been given, and that the Debtor has, or in the case of after acquired property will have, rights in the Collateral.

5. REPRESENTATIONS AND WARRANTIES

- (a) The Debtor represents and warrants that this Security Agreement is granted in accordance with a resolution of the directors of the Debtor and all other matters and things have been done and performed so as to authorize and make the

execution and delivery of this Security Agreement, and the performance of the Debtor's obligations hereunder, legal, valid and binding; and

- (b) the Debtor represents and warrants that the Debtor lawfully owns and possesses all presently held Collateral and has good title thereto, free from all security interests, charges, encumbrances, liens and claims, save only the charges or security interests, if any, shown in Schedule B hereto and those permitted hereby or consented to in writing by the Secured Party, and the Debtor has good right and lawful authority to grant a security interest in the Collateral as provided by this Security Agreement.

6. COVENANTS OF THE DEBTOR

The Debtor covenants that at all times while this Security Agreement remains in effect the Debtor will:

- (a) defend the title to the Collateral for the benefit of the Secured Party against the claims and demands of all persons;
- (b) make or file all registrations necessary in order to perfect, or maintain the perfection of, the security interests created hereby under the Act ;
- (c) maintain all Equipment and Inventory in good order and repair;
- (d) forthwith pay:
 - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish such security as the Secured Party may require; and
 - (ii) all security interests, charges, encumbrances, liens and claims which rank or could in any event rank in priority to or *pari passu* with any security interest created by this Security Agreement, other than the charges or security interests, if any, shown in the Schedule hereto and those permitted hereby or consented to in writing by the Secured Party;
- (e) at the Secured Party's request at any time and from time to time execute and deliver such further and other documents and instruments and do all acts and things as the Secured Party in its absolute discretion requires in order to confirm and perfect, and maintain perfection of, the security interests and charges hereby created in favour of the Secured Party upon any of the Collateral;
- (f) notify the Secured Party promptly of:
 - (i) any change in the information contained herein relating to the Debtor, its address, its business or the Collateral including, without limitation, any change of name or address of the Debtor and any change in the present location of any Collateral;

- (ii) any material loss of or damage to the Collateral;
 - (iii) any material default by any account debtor in payment or other performance of his obligations to the Debtor with respect to any Accounts; and
 - (iv) the return to or repossession by the Debtor of the Collateral where such return or repossession of the Collateral is material in relation to the business of the Debtor;
- (g) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;
 - (h) carry on and conduct its business in a proper and businesslike manner, including maintenance of proper books of account and records; and
 - (i) permit the Secured Party and its representatives, at all reasonable times, access to all its property, assets and undertakings and to all its books of account and records for the purpose of inspection and render all assistance necessary for such inspection.

7. PERFORMANCE OF OBLIGATIONS

If the Debtor fails to perform its Obligations hereunder, the Secured Party may, but shall not be obliged to, perform any or all of such Obligations without prejudice to any other rights and remedies of the Secured Party hereunder, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred in connection therewith shall be payable by the Debtor to the Secured Party forthwith with interest until paid at the highest rate borne by any of the Obligations and such amounts shall be a charge upon and security interest in the Collateral in favour of the Secured Party prior to all claims subsequent to this Security Agreement.

8. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

- (a) Except as herein provided or without the prior written consent of the Secured Party the Debtor will not:
 - (i) sell, lease or otherwise dispose of the Collateral;
 - (ii) release, surrender or abandon possession of the Collateral; or
 - (iii) move or transfer the Collateral from its present location.
- (b) Provided that the Debtor is not in default under this Security Agreement, at any time without the consent of the Secured Party the Debtor may lease, sell, license, consign or otherwise deal with items of Inventory in the ordinary course of business and for the purposes of carrying on its business.

9. **DEFAULT**

The Debtor shall be in default under this Security Agreement, unless waived by the Secured Party, in any of the following events (each an “**Event of Default**”):

- (a) the Debtor makes default in payment when due of the Obligations or any other indebtedness or liability of the Debtor to the Secured Party;
- (b) the Debtor is in breach of any term, condition, obligation or covenant to the Secured Party, or any representation or warranty to the Secured Party is untrue, whether or not contained in this Security Agreement;
- (c) the Debtor declares itself to be insolvent or admits, in writing, its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of provisions for relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment;
- (d) a receiver, receiver and manager or receiver-manager of all or any part of the Collateral is appointed;
- (e) the Debtor ceases or threatens to cease to carry on all or a substantial part of its business;
- (f) an order of execution against the Collateral or any part thereof remains unsatisfied for a period of 10 days;
- (g) except as otherwise provided herein, without the prior written consent of the Secured Party, the Debtor creates or permits to exist any charge, encumbrance or lien on or claim against or any security interest in, any of the Collateral which ranks or could in any event rank in priority to or *pari passu* with any security interest created by this Security Agreement;
- (h) the holder of any other charge, encumbrance or lien on or claim against, or security interest in, any of the Collateral does anything to enforce or realize on such charge, encumbrance, lien, claim or security interest;
- (i) an order is made or an effective resolution is passed for winding up the Debtor; or
- (j) the Debtor enters into any reconstruction, reorganization, amalgamation, merger or other similar arrangement with any other person.

10. **ENFORCEMENT**

- (a) Upon any default under this Security Agreement the Secured Party may declare any or all of the Obligations to become immediately due and payable and the security hereby constituted will immediately become enforceable. To enforce and realize on the security constituted by this Security Agreement the Secured Party

may take any action permitted by law or in equity, as it may deem expedient, and in particular without limiting the generality of the foregoing, the Secured Party may do any of the following:

- (i) appoint by instrument a receiver, a receiver and manager or receiver-manager (the person so appointed is hereinafter called the "Receiver") of the Collateral, with or without bond as the Secured Party may determine, and from time to time in its absolute discretion remove such Receiver and appoint another in its stead;
 - (ii) enter upon any premises of the Debtor and take possession of the Collateral with power to exclude the Debtor, its agents and its servants therefrom, without becoming liable as a mortgagee in possession;
 - (iii) preserve, protect and maintain the Collateral and make such replacements thereof and repairs and additions thereto as the Secured Party may deem advisable;
 - (iv) sell, lease or otherwise dispose of all or any part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained therefor and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to the Secured Party may seem reasonable, provided that if any sale is on credit the Debtor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies therefor are actually received; and
 - (v) exercise all of the rights and remedies of a secured party under the Act.
- (b) A Receiver appointed pursuant to this Security Agreement shall be the agent of the Debtor and not of the Secured Party and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of the Secured Party hereunder, and in addition shall have power to carry on the business of the Debtor and for such purpose from time to time to borrow money on the security of any of the Collateral; such security interest may rank before or *pari passu* with or behind any security interest created by this Security Agreement, and if it does not so specify such security interest shall rank before the security interests created by this Security Agreement.
- (c) Without prejudice to the ability of the Secured Party to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of the Collateral by the Secured Party which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:
- (i) the Collateral may be disposed of whether or not the Secured Party has taken possession thereof;
 - (ii) the Collateral may be disposed of in whole or in part;

- (iii) the Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
 - (iv) any purchaser or lessee of the Collateral may be a customer of or related person to the Secured Party;
 - (v) a disposition of the Collateral may be on such terms and conditions as to credit, deferred payment or otherwise as the Secured Party, in its sole discretion, may deem advantageous;
 - (vi) the Secured Party may establish an upset or reserve bid or price in respect of the Collateral; and
 - (vii) the Secured Party may buy in, rescind or vary any contract for the disposition of the Collateral and may dispose of any Collateral again without being obligated to account or answer for any gain or loss occasioned thereby.
- (d) All amounts realized from the disposition of Collateral pursuant to this Security Agreement will be applied as the Secured Party, in its absolute discretion, may direct as follows:
- (i) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred by the Secured Party in connection with or incidental to:
 - (A) the exercise by the Secured Party of all or any of the powers granted to it pursuant to this Security Agreement; and
 - (B) the appointment of the Receiver and the exercise by the Receiver of all or any of the powers granted to it pursuant to this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
 - (ii) in or toward payment to the Secured Party of all interest remaining unpaid in respect of the Obligations; and
 - (iii) in or toward payment to the Secured Party of all principal and other monies (except interest) due in respect of the Obligations.
- Subject to applicable law and the claims, if any, of other creditors of the Debtor, any surplus will be paid to the Debtor.

11. DEFICIENCY

If the amounts realized from the disposition of the Collateral are not sufficient to pay the Obligations in full the Debtor will immediately pay to the Secured Party the amount of such deficiency.

12. RIGHTS CUMULATIVE

All rights and remedies of the Secured Party set out in this Security Agreement are cumulative and no right or remedy contained herein is intended to be exclusive but each will be in addition to every other right or remedy contained herein or in any existing or future security agreement now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Debtor and the Secured Party that may be in effect from time to time.

13. LIABILITY OF SECURED PARTY

The Secured Party shall not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when the Secured Party shall manage the Collateral upon entry, as herein provided, nor shall the Secured Party be liable to account as mortgagee in possession or for any default or omission for which a mortgagee in possession may be liable. The Secured Party shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall the Secured Party, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall the Secured Party be obliged to keep any of the Collateral identifiable. The Debtor hereby waives any applicable provisions of law permitted to be waived by it which imposes higher or greater obligations upon the Secured Party than aforesaid.

14. APPOINTMENT OF ATTORNEY

The Debtor hereby irrevocably appoints the Secured Party or the Receiver, as the case may be, with full power of substitution, to be the attorney of the Debtor for and in the name of the Debtor to sign, endorse or execute under seal or otherwise any deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do all things as may be necessary or incidental to the exercise of all or any of the powers conferred on the Secured Party or the Receiver, as the case may be, pursuant to this Security Agreement.

15. ACCOUNTS

Upon the occurrence and during the continuance of an Event of Default, the Secured Party may collect, realize, sell or otherwise deal with the Accounts or any part thereof in such manner, upon such terms and conditions and at such time or times, as may seem to it advisable, and without notice to the Debtor, except in accordance with the provisions of the Act. All monies or other forms of payment received by the Debtor in payment of any Account will be received and held by the Debtor subject to the Secured Party interest created herein.

16. APPROPRIATION OF PAYMENTS

Any and all payments made in respect of the Obligations from time to time and monies realized from any security interests held therefor (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Secured Party may see fit, and the Secured Party may at all times and from time to time change any appropriation as the Secured Party may see fit.

17. LIABILITY TO ADVANCE

None of the preparation, execution, perfection and registration of this Security Agreement or the advance of any monies shall bind the Secured Party to make any advance or loan or further advance or loan, or renew any note or extend any time for payment of any indebtedness or liability of the Debtor to the Secured Party.

18. WAIVER

The Secured Party may from time to time and at any time waive in whole or in part any right, benefit or default under any clause of this Security Agreement but any such waiver of any right, benefit or default on any occasion shall be deemed not to be a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default, as the case may be. No waiver shall be effective unless it is in writing.

19. NOTICE

Any notice or request hereunder or required by applicable law, shall be given by registered or certified mail, return receipt requested, hand delivery, overnight mail or telecopy (confirmed by mail). Notices and requests shall be, in the case of those by hand delivery, deemed to have been given when delivered to any officer of the party to whom it is addressed, in the case of those by mail or overnight mail, deemed to have been given three (3) business days after the date when deposited in the mail or with overnight mail carrier, and, in the case of telecopy, when confirmed. Notices shall be provided as follows:

If to the Secured Party: Entreprise Novy Inc. 2583, Route 205 St-Francios-de-Madawaska, NB E7A 1R1	
If to the Debtor: Fuel Transfer Technologies, Inc. 50 Harris Avenue Moncton, NB E1C 4N6	

or such other address as may be designated in writing hereafter in accordance with this section 20 by such person.

20. EXTENSIONS

The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Debtor, account debtors of the Debtor, sureties and others and with the Collateral and other

security interests as the Secured Party may see fit without prejudice to the liability of the Debtor or the Secured Party's right to hold and realize on the security constituted by this Security Agreement.

21. NO MERGER

This Security Agreement shall not operate so as to create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may hereafter be held by the Secured Party from the Debtor or from any other person whomsoever. The taking of a judgment with respect to any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

22. ASSIGNMENT

The Secured Party may, without further notice to the Debtor, at any time assign, transfer or grant a security interest in this Security Agreement and the security interests granted hereby. The Debtor expressly agrees that the assignee, transferee or secured party, as the case may be, shall have all of the Secured Party's rights and remedies under this Security Agreement and the Debtor will not assert any defense, counterclaim, right of set-off or otherwise against any party in any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the Obligations to the assignee, transferee or secured party, as the case may be, as the Obligations become due.

23. SATISFACTION AND DISCHARGE

Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to the Secured Party, shall be deemed not to be a redemption or discharge of this Security Agreement. The Debtor shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations and upon written request by the Debtor and payment of any disbursements (on a solicitor and his own client basis) incurred by the Secured Party in connection with the Obligations and such release and discharge.

24. ENUREMENT

This Security Agreement shall enure to the benefit of the Secured Party and its successors and assigns, and shall be binding upon the successors and permitted assigns of the Debtor.

25. INTERPRETATION

(a) In this Security Agreement:

- (i) “**Collateral**” has the meaning set out in Clause 1 hereof and any reference to Collateral shall, unless the context otherwise requires, be deemed a reference to Collateral as a whole or any part thereof;
- (ii) “**Debtor**” and the personal pronoun “it” or “its” and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending

upon whether the Debtor be bound alone or with others and whether as principal or surety;

- (iii) **“the Act”** means the *Personal Property Security Act* of New Brunswick and all regulations thereunder as amended from time to time.
- (b) Words and expressions used herein that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined herein or unless the context otherwise requires.
- (c) The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause.
- (d) The headings of the clauses of this Security Agreement have been inserted for reference only and do not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.
- (e) This Security Agreement shall be governed by the laws of the Province of New Brunswick.

26. COPY OF AGREEMENT AND FINANCING STATEMENT

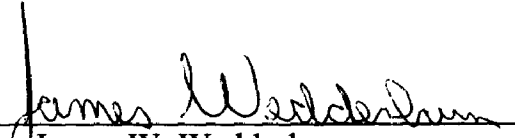
The Debtor hereby:

- (a) acknowledges receiving a copy of this Security Agreement; and
- (b) waives all rights to receive from the Secured Party a copy of any financing statement, financing change statement filed, or any verification statement received at any time in respect of this Security Agreement.

IN WITNESS WHEREOF the parties have executed this Security Agreement the day and year first above written.

**FUEL TRANSFER TECHNOLOGIES,
INC.,**

Per: _____


James W. Wedderburn
President & CEO

Entreprise Novy Inc.

Per: _____

Yvon Cyr

SCHEDULE A

INTELLECTUAL PROPERTY HELD BY THE DEBTOR

PATENT

REEL: 022740 FRAME: 0227

Trade-marks	US Application	US Filing Date	US Priority Date	CDN Application	CDN Filing Date	Attorney Docket #
E	77/324,827	08-Nov-07	06-Jun-07	1351524	13-Jun-07	010 JW-30-US
E CAN	77/609,483	08-Nov-07		1389801	03-Apr-08	
G	77/324,777	08-Nov-07	06-Jun-07	1350470	06-Jun-07	010 JW-29-US
G CAN	77/439,223	03-Apr-08	03-Apr-08	1389800	03-Apr-08	010 JW-51-US
GO GREEN	77/326,079	09-Nov-07	13-Jun-07	1351527	13-Jun-07	010 JW-32-US
GREEN	77/324,901	08-Nov-07	13-Jun-07	1351526	13-Jun-07	010 JW-31-US
GREENER	77/326,216	09-Nov-07	06-Jun-07	1351529	13-Jun-07	010 JW-34-US
GREEN GAS CONTAINER	77/326,145	09-Nov-07	13-Jun-07	1351528	13-Jun-07	010 JW-33-US
HANDS-FREE	Not Filed	Not Filed	2-Mar-09	1409009	02-Sep-08	010 JW-64-US

PATENT	Invention Title	US Provisional Number	US Provisional Filing Date	US Patent Application Number	PATENT FILING DATE	PATENT NUMBER	Canadian Patent Application Number	Cdn Patent Application Filing Date	Cdn Publication #	Patent Cooperation Treaty	PCT & WIPO Filing Date	PCT Publication No.	WIPO Application No.
1	PUMP AND NOZZLE LIQUID FLOW CONTROL SYSTEM	60/607,775	8-Sep-05	11/222,244	Sept. 8, 2005	2006-0081657	Expected from the CPO within 2 or 3 months	Sept. 8, 2005	Not yet published	PCT/CA2005/001367	Sept. 8, 2005	WO/2006/026860	WO/2006/026860
2	CONTAINER APPARATUS FOR STORING AND DISPENSING LIQUID	60/672,424	19-Apr-06	11/406,375	Apr. 19, 2006	2006-0255089	2,633,865	Apr. 19, 2006	Not yet published	PCT/CA2006/000573	Apr. 19, 2006	WO/2006/110995	WO/2006/110995
3	DISPENSING SPOUT	60/748,047	7-Dec-06	11/608,242	Dec. 7, 2006	2007-0215242	2,569,709	Dec. 7, 2006	2,569,709	PCT/CA2006/001993	Dec. 7, 2006	WO/2007/065263	WO/2007/065263
4	LIQUID DELIVERY SYSTEM FOR SUPPLYING LIQUID FROM A PORTABLE CONTAINER TO AT LEAST ONE SELECTED REMOTE DESTINATION AND REMOVING VAPOR FROM THE AT LEAST ONE SELECTED REMOTE DESTINATION	60/757,227	9-Jan-06	11/621,548	Jan. 9, 2007	2007-0227621	2,574,443	Jan. 9, 2007	2,574,443	PCT/CA2007/000025	Jan. 9, 2007	WO/2007/079577	WO/2007/079577
5	PORTABLE PUMPING APPARATUS FOR CONCURRENTLY PUMPING LIQUID FROM A SOURCE CONTAINER TO A DESTINATION CONTAINER AND PUMPING VAPOR FROM THE DESTINATION CONTAINER TO THE SOURCE CONTAINER	60/831,559	18-Jul-06	11/779,881	Jul. 18, 2007	Expected to be posted by USPO next week.	2,593,337	Jul. 18, 2007	2,593,337	PCT/CA2007/001274	Jul. 18, 2007	WO/2008/009119	WO/2008/009119
6	PORTABLE FLUID EXCHANGE SYSTEM FOR CONCURRENTLY PUMPING LIQUID FROM A SOURCE CONTAINER TO A DESTINATION CONTAINER AND PUMPING VAPOR FROM THE DESTINATION CONTAINER TO THE SOURCE CONTAINER	60/831,559	18-Jul-06	11/779,882	Jul. 18, 2007	Expected to be posted by USPO next week.	2,594,995	Jul. 18, 2007	2,594,995	PCT/CA2007/001291	Jul. 18, 2007	WO/2008/009128	WO/2008/009128
7	VAPOR-RECOVERY-ACTIVATED AUTO-SHUTOFF NOZZLE MECHANISM AND SYSTEM	60/860,111	20-Nov-06	11/943,568	Nov. 20, 2007	2008-0295916	2,611,456	Nov. 20, 2007	2,611,456	PCT/CA2007/002081	Nov. 20, 2007	WO/2008/061352	WO/2008/061352
8	CONTAINER	Industrial Design Patent - No Provisional App		29/305,231	Mar. 14 2008		127758	Sept. 15, 2008	Not yet published				
9	CONTAINER	Industrial Design Patent - No Provisional App		29/319,889	Jun. 17 2008		129101	Dec. 16, 2008	Not yet published				
10	FLUID-RECOVERY NOZZLE	61/147,761	28-Jan-09										
11	FLUID-RECOVERY SYSTEM	61/147,759	28-Jan-09										

SCHEDULE B

PRIOR ENCUMBRANCES OUTSTANDING AGAINST THE COLLATERAL

1. General Security Agreement in favour of 510667 N.B. Inc.. dated March 31, 2009.
2. Assignment of Patents in favour of 510667 N.B. Inc. dated March 31, 2009.
3. Assignment of Trademarks in favour of 510667 N.B. Inc. dated March 31, 2009.
4. Assignment of Patents in favour of Entreprise Novy Inc. dated March 31, 2009.
5. Assignment of Trademarks in favour of Entreprise Novy Inc. dated March 31, 2009.

GENERAL SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made the 31st day of March, 2009

BETWEEN:

FUEL TRANSFER TECHNOLOGIES, INC.,

a corporation existing under the laws of the
Province of New Brunswick, (the "**Debtor**")

- and -

510667 N.B. INC.

a corporation existing under the laws of the
Province of New Brunswick, (the "**Secured Party**")

1. SECURITY INTEREST

For consideration and as security for the payment and performance of the Obligations referred to in Clause 3, the Debtor, subject to the exceptions set out in Clause 2, hereby mortgages, charges, assigns and transfers to the Secured Party, and grants to the Secured Party a security interest in, all the Debtor's right, title and interest in and to all presently owned or held and after acquired or held personal property, assets and undertakings of the Debtor (other than real property), of whatever nature or kind and wheresoever situate and all proceeds thereof and therefrom (all of which is hereinafter collectively called the "**Collateral**") including, without limiting the generality of the foregoing:

- (a) Equipment: all equipment, including, without limiting the generality of the foregoing, machinery, tools, fixtures, furniture, furnishings, chattels, motor vehicles, vessels and other tangible personal property that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the foregoing (all of which is hereinafter collectively called the "**Equipment**");
- (b) Inventory: all inventory of the Debtor, including, without limiting the generality of the foregoing, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is hereinafter collectively called the "**Inventory**");
- (c) Accounts: all debts, accounts, claims, monies and choses in action which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the said debts, accounts, claims, monies and

choses in action or any part thereof (all of which is hereinafter collectively called the "**Accounts**");

- (d) Other Personal Property: all documents of title, chattel paper, instruments, securities and money, and all other goods of the Debtor that are not Equipment, Inventory or Accounts; and
- (e) Intangibles: all contractual rights, licenses, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Debtor including such intellectual property set out in Schedule A, all other choses in action of the Debtor of every kind which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor, and all other intangible property of the Debtor which is not Accounts, chattel paper, instruments, documents of title, securities or money.

2. EXCEPTIONS

- (a) The last day of the term created by any lease or agreement therefor is hereby excepted out of any mortgage, charge, assignment or security interest created by this Security Agreement, but the Debtor shall stand possessed of the reversion thereby remaining upon trust to assign and dispose thereof to any third party as the Secured Party shall direct; and
- (b) there shall be excluded from the security interests hereby created any consumer goods of the Debtor.

3. OBLIGATIONS SECURED

This Security Agreement and the security interests hereby created shall be general and continuing security for the repayment by the Debtor to the Secured Party of the \$250,000 deposit as provided for in a certain agreement dated March 31, 2009 between the Debtor and the Secured Party (the "**Purchase Agreement**") with respect to, among other things, the purchase by the Secured Party of 5,000 5-gallon G-Can™ units to be manufactured by the Debtor. The obligation of the Debtor to repay such deposit in accordance with the terms of the Purchase Agreement is referred to hereinafter as the "**Obligations**".

4. ATTACHMENT

The Debtor acknowledges that the security interests hereby created attach upon the execution of this Security Agreement (or in the case of any after acquired property, upon the date of acquisition thereof), that value has been given, and that the Debtor has, or in the case of after acquired property will have, rights in the Collateral.

5. REPRESENTATIONS AND WARRANTIES

- (a) The Debtor represents and warrants that this Security Agreement is granted in accordance with a resolution of the directors of the Debtor and all other matters and things have been done and performed so as to authorize and make the

execution and delivery of this Security Agreement, and the performance of the Debtor's obligations hereunder, legal, valid and binding; and

- (b) the Debtor represents and warrants that the Debtor lawfully owns and possesses all presently held Collateral and has good title thereto, free from all security interests, charges, encumbrances, liens and claims, save only the charges or security interests, if any, shown in Schedule B hereto and those permitted hereby or consented to in writing by the Secured Party, and the Debtor has good right and lawful authority to grant a security interest in the Collateral as provided by this Security Agreement.

6. COVENANTS OF THE DEBTOR

The Debtor covenants that at all times while this Security Agreement remains in effect the Debtor will:

- (a) defend the title to the Collateral for the benefit of the Secured Party against the claims and demands of all persons;
- (b) make or file all registrations necessary in order to perfect, or maintain the perfection of, the security interests created hereby under the Act ;
- (c) maintain all Equipment and Inventory in good order and repair;
- (d) forthwith pay:
 - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish such security as the Secured Party may require; and
 - (ii) all security interests, charges, encumbrances, liens and claims which rank or could in any event rank in priority to or *pari passu* with any security interest created by this Security Agreement, other than the charges or security interests, if any, shown in the Schedule hereto and those permitted hereby or consented to in writing by the Secured Party;
- (e) at the Secured Party's request at any time and from time to time execute and deliver such further and other documents and instruments and do all acts and things as the Secured Party in its absolute discretion requires in order to confirm and perfect, and maintain perfection of, the security interests and charges hereby created in favour of the Secured Party upon any of the Collateral;
- (f) notify the Secured Party promptly of:
 - (i) any change in the information contained herein relating to the Debtor, its address, its business or the Collateral including, without limitation, any change of name or address of the Debtor and any change in the present location of any Collateral;

- (ii) any material loss of or damage to the Collateral;
 - (iii) any material default by any account debtor in payment or other performance of his obligations to the Debtor with respect to any Accounts; and
 - (iv) the return to or repossession by the Debtor of the Collateral where such return or repossession of the Collateral is material in relation to the business of the Debtor;
- (g) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;
 - (h) carry on and conduct its business in a proper and businesslike manner, including maintenance of proper books of account and records; and
 - (i) permit the Secured Party and its representatives, at all reasonable times, access to all its property, assets and undertakings and to all its books of account and records for the purpose of inspection and render all assistance necessary for such inspection.

7. PERFORMANCE OF OBLIGATIONS

If the Debtor fails to perform its Obligations hereunder, the Secured Party may, but shall not be obliged to, perform any or all of such Obligations without prejudice to any other rights and remedies of the Secured Party hereunder, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred in connection therewith shall be payable by the Debtor to the Secured Party forthwith with interest until paid at the highest rate borne by any of the Obligations and such amounts shall be a charge upon and security interest in the Collateral in favour of the Secured Party prior to all claims subsequent to this Security Agreement.

8. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

- (a) Except as herein provided or without the prior written consent of the Secured Party the Debtor will not:
 - (i) sell, lease or otherwise dispose of the Collateral;
 - (ii) release, surrender or abandon possession of the Collateral; or
 - (iii) move or transfer the Collateral from its present location.
- (b) Provided that the Debtor is not in default under this Security Agreement, at any time without the consent of the Secured Party the Debtor may lease, sell, license, consign or otherwise deal with items of Inventory in the ordinary course of business and for the purposes of carrying on its business.

9. **DEFAULT**

The Debtor shall be in default under this Security Agreement, unless waived by the Secured Party, in any of the following events (each an “**Event of Default**”):

- (a) the Debtor makes default in payment when due of the Obligations or any other indebtedness or liability of the Debtor to the Secured Party;
- (b) the Debtor is in breach of any term, condition, obligation or covenant to the Secured Party, or any representation or warranty to the Secured Party is untrue, whether or not contained in this Security Agreement;
- (c) the Debtor declares itself to be insolvent or admits, in writing, its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of provisions for relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment;
- (d) a receiver, receiver and manager or receiver-manager of all or any part of the Collateral is appointed;
- (e) the Debtor ceases or threatens to cease to carry on all or a substantial part of its business;
- (f) an order of execution against the Collateral or any part thereof remains unsatisfied for a period of 10 days;
- (g) except as otherwise provided herein, without the prior written consent of the Secured Party, the Debtor creates or permits to exist any charge, encumbrance or lien on or claim against or any security interest in, any of the Collateral which ranks or could in any event rank in priority to or *pari passu* with any security interest created by this Security Agreement;
- (h) the holder of any other charge, encumbrance or lien on or claim against, or security interest in, any of the Collateral does anything to enforce or realize on such charge, encumbrance, lien, claim or security interest;
- (i) an order is made or an effective resolution is passed for winding up the Debtor; or
- (j) the Debtor enters into any reconstruction, reorganization, amalgamation, merger or other similar arrangement with any other person.

10. **ENFORCEMENT**

- (a) Upon any default under this Security Agreement the Secured Party may declare any or all of the Obligations to become immediately due and payable and the security hereby constituted will immediately become enforceable. To enforce and realize on the security constituted by this Security Agreement the Secured Party

may take any action permitted by law or in equity, as it may deem expedient, and in particular without limiting the generality of the foregoing, the Secured Party may do any of the following:

- (i) appoint by instrument a receiver, a receiver and manager or receiver-manager (the person so appointed is hereinafter called the "Receiver") of the Collateral, with or without bond as the Secured Party may determine, and from time to time in its absolute discretion remove such Receiver and appoint another in its stead;
 - (ii) enter upon any premises of the Debtor and take possession of the Collateral with power to exclude the Debtor, its agents and its servants therefrom, without becoming liable as a mortgagee in possession;
 - (iii) preserve, protect and maintain the Collateral and make such replacements thereof and repairs and additions thereto as the Secured Party may deem advisable;
 - (iv) sell, lease or otherwise dispose of all or any part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained therefor and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to the Secured Party may seem reasonable, provided that if any sale is on credit the Debtor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies therefor are actually received; and
 - (v) exercise all of the rights and remedies of a secured party under the Act.
- (b) A Receiver appointed pursuant to this Security Agreement shall be the agent of the Debtor and not of the Secured Party and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of the Secured Party hereunder, and in addition shall have power to carry on the business of the Debtor and for such purpose from time to time to borrow money on the security of any of the Collateral; such security interest may rank before or *pari passu* with or behind any security interest created by this Security Agreement, and if it does not so specify such security interest shall rank before the security interests created by this Security Agreement.
- (c) Without prejudice to the ability of the Secured Party to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of the Collateral by the Secured Party which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:
- (i) the Collateral may be disposed of whether or not the Secured Party has taken possession thereof;
 - (ii) the Collateral may be disposed of in whole or in part;

- (iii) the Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
 - (iv) any purchaser or lessee of the Collateral may be a customer of or related person to the Secured Party;
 - (v) a disposition of the Collateral may be on such terms and conditions as to credit, deferred payment or otherwise as the Secured Party, in its sole discretion, may deem advantageous;
 - (vi) the Secured Party may establish an upset or reserve bid or price in respect of the Collateral; and
 - (vii) the Secured Party may buy in, rescind or vary any contract for the disposition of the Collateral and may dispose of any Collateral again without being obligated to account or answer for any gain or loss occasioned thereby.
- (d) All amounts realized from the disposition of Collateral pursuant to this Security Agreement will be applied as the Secured Party, in its absolute discretion, may direct as follows:
- (i) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred by the Secured Party in connection with or incidental to:
 - (A) the exercise by the Secured Party of all or any of the powers granted to it pursuant to this Security Agreement; and
 - (B) the appointment of the Receiver and the exercise by the Receiver of all or any of the powers granted to it pursuant to this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
 - (ii) in or toward payment to the Secured Party of all interest remaining unpaid in respect of the Obligations; and
 - (iii) in or toward payment to the Secured Party of all principal and other monies (except interest) due in respect of the Obligations.

Subject to applicable law and the claims, if any, of other creditors of the Debtor, any surplus will be paid to the Debtor.

11. DEFICIENCY

If the amounts realized from the disposition of the Collateral are not sufficient to pay the Obligations in full the Debtor will immediately pay to the Secured Party the amount of such deficiency.

12. RIGHTS CUMULATIVE

All rights and remedies of the Secured Party set out in this Security Agreement are cumulative and no right or remedy contained herein is intended to be exclusive but each will be in addition to every other right or remedy contained herein or in any existing or future security agreement now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Debtor and the Secured Party that may be in effect from time to time.

13. LIABILITY OF SECURED PARTY

The Secured Party shall not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when the Secured Party shall manage the Collateral upon entry, as herein provided, nor shall the Secured Party be liable to account as mortgagee in possession or for any default or omission for which a mortgagee in possession may be liable. The Secured Party shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall the Secured Party, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall the Secured Party be obliged to keep any of the Collateral identifiable. The Debtor hereby waives any applicable provisions of law permitted to be waived by it which imposes higher or greater obligations upon the Secured Party than aforesaid.

14. APPOINTMENT OF ATTORNEY

The Debtor hereby irrevocably appoints the Secured Party or the Receiver, as the case may be, with full power of substitution, to be the attorney of the Debtor for and in the name of the Debtor to sign, endorse or execute under seal or otherwise any deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do all things as may be necessary or incidental to the exercise of all or any of the powers conferred on the Secured Party or the Receiver, as the case may be, pursuant to this Security Agreement.

15. ACCOUNTS

Upon the occurrence and during the continuance of an Event of Default, the Secured Party may collect, realize, sell or otherwise deal with the Accounts or any part thereof in such manner, upon such terms and conditions and at such time or times, as may seem to it advisable, and without notice to the Debtor, except in accordance with the provisions of the Act. All monies or other forms of payment received by the Debtor in payment of any Account will be received and held by the Debtor subject to the Secured Party interest created herein.

16. APPROPRIATION OF PAYMENTS

Any and all payments made in respect of the Obligations from time to time and monies realized from any security interests held therefor (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Secured Party may see fit, and the Secured Party may at all times and from time to time change any appropriation as the Secured Party may see fit.

17. LIABILITY TO ADVANCE

None of the preparation, execution, perfection and registration of this Security Agreement or the advance of any monies shall bind the Secured Party to make any advance or loan or further advance or loan, or renew any note or extend any time for payment of any indebtedness or liability of the Debtor to the Secured Party.

18. WAIVER

The Secured Party may from time to time and at any time waive in whole or in part any right, benefit or default under any clause of this Security Agreement but any such waiver of any right, benefit or default on any occasion shall be deemed not to be a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default, as the case may be. No waiver shall be effective unless it is in writing.

19. NOTICE

Any notice or request hereunder or required by applicable law, shall be given by registered or certified mail, return receipt requested, hand delivery, overnight mail or telecopy (confirmed by mail). Notices and requests shall be, in the case of those by hand delivery, deemed to have been given when delivered to any officer of the party to whom it is addressed, in the case of those by mail or overnight mail, deemed to have been given three (3) business days after the date when deposited in the mail or with overnight mail carrier, and, in the case of telecopy, when confirmed. Notices shall be provided as follows:

If to the Secured Party: 510667 N.B. Inc. 2981 Route 205 St-Francios-de-Madawaska, NB E7A 1R1	
If to the Debtor: Fuel Transfer Technologies, Inc. 50 Harris Avenue Moncton, NB E1C 4N6	

or such other address as may be designated in writing hereafter in accordance with this section 20 by such person.

20. EXTENSIONS

The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Debtor, account debtors of the Debtor, sureties and others and with the Collateral and other

security interests as the Secured Party may see fit without prejudice to the liability of the Debtor or the Secured Party's right to hold and realize on the security constituted by this Security Agreement.

21. NO MERGER

This Security Agreement shall not operate so as to create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may hereafter be held by the Secured Party from the Debtor or from any other person whomsoever. The taking of a judgment with respect to any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

22. ASSIGNMENT

The Secured Party may, without further notice to the Debtor, at any time assign, transfer or grant a security interest in this Security Agreement and the security interests granted hereby. The Debtor expressly agrees that the assignee, transferee or secured party, as the case may be, shall have all of the Secured Party's rights and remedies under this Security Agreement and the Debtor will not assert any defense, counterclaim, right of set-off or otherwise against any party in any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the Obligations to the assignee, transferee or secured party, as the case may be, as the Obligations become due.

23. SATISFACTION AND DISCHARGE

Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to the Secured Party, shall be deemed not to be a redemption or discharge of this Security Agreement. The Debtor shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations and upon written request by the Debtor and payment of any disbursements (on a solicitor and his own client basis) incurred by the Secured Party in connection with the Obligations and such release and discharge.

24. ENUREMENT

This Security Agreement shall enure to the benefit of the Secured Party and its successors and assigns, and shall be binding upon the successors and permitted assigns of the Debtor.

25. INTERPRETATION

(a) In this Security Agreement:

- (i) “**Collateral**” has the meaning set out in Clause 1 hereof and any reference to Collateral shall, unless the context otherwise requires, be deemed a reference to Collateral as a whole or any part thereof;
- (ii) “**Debtor**” and the personal pronoun “it” or “its” and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending

upon whether the Debtor be bound alone or with others and whether as principal or surety;

- (iii) **“the Act”** means the *Personal Property Security Act* of New Brunswick and all regulations thereunder as amended from time to time.
- (b) Words and expressions used herein that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined herein or unless the context otherwise requires.
- (c) The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause.
- (d) The headings of the clauses of this Security Agreement have been inserted for reference only and do not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.
- (e) This Security Agreement shall be governed by the laws of the Province of New Brunswick.

26. COPY OF AGREEMENT AND FINANCING STATEMENT

The Debtor hereby:

- (a) acknowledges receiving a copy of this Security Agreement; and
- (b) waives all rights to receive from the Secured Party a copy of any financing statement, financing change statement filed, or any verification statement received at any time in respect of this Security Agreement.

IN WITNESS WHEREOF the parties have executed this Security Agreement the day and year first above written.

**FUEL TRANSFER TECHNOLOGIES,
INC.,**

Per: James W. Wedderburn
James W. Wedderburn
President & CEO

510667 N.B. Inc.

Per: _____
Bertin Cyr

SCHEDULE A

INTELLECTUAL PROPERTY HELD BY THE DEBTOR

PATENT

REEL: 022740 FRAME: 0243

PATENT	Invention Title	US Provisional Number	US Provisional Filing Date	US Patent Application Number	PATENT FILING DATE	PATENT NUMBER	Canadian Patent Application Number	Cdn Patent Application Filing Date	Cdn Publication #	Patent Cooperation Treaty	PCT & WIPO Filing Date	PCT Publication No:	WIPO Application No:
1	PUMP AND NOZZLE LIQUID FLOW CONTROL SYSTEM	60/607,775	8-Sep-05	11/222,244	Sept. 8, 2005	2006-0081657	Expected from the CPO within 2 or 3 months	Sept. 8, 2005	Not yet published	PCT/CA2005/001367	Sept. 8, 2005	WO/2006/026860	WO/2006/026860
2	CONTAINER APPARATUS FOR STORING AND DISPENSING LIQUID	60/672,424	19-Apr-06	11/406,375	Apr. 19, 2006	2006-0255069	2,633,865	Apr. 19, 2006	Not yet published	PCT/CA2006/000573	Apr. 19, 2006	WO/2006/110995	WO/2006/110995
3	DISPENSING SPOUT	60/748,047	7-Dec-06	11/608,242	Dec. 7, 2006	2007-0215242	2,569,709	Dec. 7, 2006	2,569,709	PCT/CA2006/001993	Dec. 7, 2006	WO/2007/065263	WO/2007/065263
4	LIQUID DELIVERY SYSTEM FOR SUPPLYING LIQUID FROM A PORTABLE CONTAINER TO AT LEAST ONE SELECTED REMOTE DESTINATION AND REMOVING VAPOR FROM THE AT LEAST ONE SELECTED REMOTE DESTINATION	60/757,227	9-Jan-06	11/621,548	Jan. 9, 2007	2007-0227621	2,574,443	Jan. 9, 2007	2,574,443	PCT/CA2007/000025	Jan. 9, 2007	WO/2007/079577	WO/2007/079577
5	PORTABLE PUMPING APPARATUS FOR CONCURRENTLY PUMPING LIQUID FROM A SOURCE CONTAINER TO A DESTINATION CONTAINER AND PUMPING VAPOR FROM THE DESTINATION CONTAINER TO THE SOURCE CONTAINER	60/831,559	18-Jul-06	11/779,881	Jul. 18, 2007	Expected to be posted by USPO next week.	2,593,337	Jul. 18, 2007	2,593,337	PCT/CA2007/001274	Jul. 18, 2007	WO/2008/009119	WO/2008/009119
6	PORTABLE FLUID EXCHANGE SYSTEM FOR CONCURRENTLY PUMPING LIQUID FROM A SOURCE CONTAINER TO A DESTINATION CONTAINER AND PUMPING VAPOR FROM THE DESTINATION CONTAINER TO THE SOURCE CONTAINER	60/831,559	18-Jul-06	11/779,882	Jul. 18, 2007	Expected to be posted by USPO next week.	2,594,995	Jul. 18, 2007	2,594,995	PCT/CA2007/001291	Jul. 18, 2007	WO/2008/009128	WO/2008/009128
7	VAPOR-RECOVERY-ACTIVATED AUTO-SHUTOFF NOZZLE MECHANISM AND SYSTEM	60/860,111	20-Nov-06	11/943,568	Nov. 20, 2007	2008-0295916	2,611,456	Nov. 20, 2007	2,611,456	PCT/CA2007/002081	Nov. 20, 2007	WO/2008/061352	WO/2008/061352
8	CONTAINER	Industrial Design Patent - No Provisional App		29/305,231	Mar. 14 2008		127758	Sept. 15, 2008	Not yet published				
9	CONTAINER	Industrial Design Patent - No Provisional App		29/319,889	Jun. 17 2008		129101	Dec. 16, 2008	Not yet published				
10	FLUID-RECOVERY NOZZLE	61/147,761	28-Jan-09										
11	FLUID-RECOVERY SYSTEM	61/147,759	28-Jan-09										

Trade-marks	US Application	US Filing Date	US Priority Date	CDN Application	CDN Filing Date	Attorney Docket #
E	77/324,827	08-Nov-07	06-Jun-07	1351524	13-Jun-07	010 JW-30-US
E CAN	77/609,483	08-Nov-07		1389801	03-Apr-08	
G	77/324,777	08-Nov-07	06-Jun-07	1350470	06-Jun-07	010 JW-29-US
G CAN	77/439,223	03-Apr-08	03-Apr-08	1389800	03-Apr-08	010 JW-51-US
GO GREEN	77/326,079	09-Nov-07	13-Jun-07	1351527	13-Jun-07	010 JW-32-US
GREEN	77/324,901	08-Nov-07	13-Jun-07	1351526	13-Jun-07	010 JW-31-US
GREENER	77/326,216	09-Nov-07	06-Jun-07	1351529	13-Jun-07	010 JW-34-US
GREEN GAS CONTAINER	77/326,145	09-Nov-07	13-Jun-07	1351528	13-Jun-07	010 JW-33-US
HANDS-FREE	Not Filed	Not Filed	2-Mar-09	1409009	02-Sep-08	010 JW-64-US

SCHEDULE B

PRIOR ENCUMBRANCES OUTSTANDING AGAINST THE COLLATERAL

1. General Security Agreement in favour of Entreprise Novy Inc. dated March 31, 2009.
2. Assignment of Patents in favour of Entreprise Novy Inc. dated March 31, 2009.
3. Assignment of Trademarks in favour of Entreprise Novy Inc. dated March 31, 2009.
4. Assignment of Patents in favour of 510667 N.B. Inc. dated March 31, 2009.
5. Assignment of Trademarks in favour of 510667 N.B. Inc. dated March 31, 2009.