

08/25/2011



103631493

8/25/11

To the Director of the U.S. Patent and

ments or the new address(es) below.

**1. Name of conveying party(ies)**

Gemini Environmental Corporation

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

**2. Name and address of receiving party(ies)**

Name: Heritage Opportunity Fund, LLC

Internal Address: \_\_\_\_\_

Street Address: 10920 Via Frontera, Suite 520

City: San Diego

State: California

Country: USA

Zip: 92127

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

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

Execution Date(s) 12/24/2008

Assignment

Merger

Security Agreement

Change of Name

Joint Research Agreement

Government Interest Assignment

Executive Order 9424, Confirmatory License

Other \_\_\_\_\_

**4. Application or patent number(s):**

This document is being filed together with a new application.

A. Patent Application No.(s)

B. Patent No.(s)

11/443,726; 11/490,766; 11/652,216; 11/652,195; 61/011,559

Additional numbers attached?  Yes  No



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

Name: David O. Simmons

Internal Address: \_\_\_\_\_

Street Address: 7637 Parkview Circle

City: Austin

State: Texas

Zip: 78731

Phone Number: 512-345-9767

Fax Number: 512-345-0021

Email Address: \_\_\_\_\_

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

**7. Total fee (37 CFR 1.21(h) & 3.41)** \$ 200

Authorized to be charged to deposit account

Enclosed

None required (government interest not affecting title)

**8. Payment Information**

Deposit Account Number \_\_\_\_\_

Authorized User Name \_\_\_\_\_

**9. Signature:**

Signature

David O. Simmons

Name of Person Signing

08/25/2011 KNG/ENL 00000042 11443726

01 FC:8021

Date

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

17

200.00 DP

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

## SECURITY AGREEMENT

This SECURITY AGREEMENT, dated as of December 24, 2008 (as the same may from time to time be amended, supplemented or otherwise modified, this "Security Agreement"), by and between the individuals and entities set forth on the signature pages hereto (the "Secured Party") and Gemini Environmental Corporation, a Delaware corporation and all of the subsidiaries of the Company (collectively, the "Debtor").

### WITNESSETH:

WHEREAS, the Company is engaged in an offering (the "Offering") of up to \$275,000 aggregate principal amount of its senior secured notes (collectively, the "Notes"); and

WHEREAS, the Secured Party has agreed to purchase Notes; and

WHEREAS, it is a condition precedent to the obligations of each Secured Party to acquire Notes that, inter alia, the Debtor execute and deliver this Security Agreement to the Secured Party.

NOW, THEREFORE, the parties hereto hereby agree as follows:

### ARTICLE I

#### DEFINITIONS

1.1 Defined Terms. As used herein, capitalized terms defined in this Agreement and not otherwise defined herein are used herein as so defined.

"Account Debtor" shall mean the person who is obligated on a Receivable.

"Accounts" shall mean "accounts" as such term is defined in the UCC.

"Chattel Paper" shall mean "chattel paper" as such term is defined in the UCC.

"Collateral" shall have the meaning assigned to it in Article II hereof.

"Collateral Records" shall mean books, records, computer software, computer printouts, customer lists, blueprints, technical specifications, manuals, and similar items which relate to any Collateral other than such items obtained under license or franchise security agreements which prohibit assignment or disclosure of such items.

"Commercial Tort Claims" shall mean "commercial tort claims" as defined in the UCC.

"Deposit Account" shall mean a "deposit account" as defined in the UCC.

"Documents" shall mean "documents" as defined as in the UCC.

"Equipment" shall mean "equipment" as defined in the UCC.

"Event of Default" shall have the meaning assigned to it in the Notes.

"Financial Assets" shall mean "financial assets" as defined in the UCC.

"General Intangibles" shall mean "general intangibles" as such term is defined in the UCC.

"Goods" shall mean "goods" as defined in the UCC.

"Instruments" shall mean instruments as defined in the UCC.

"Inventory" shall mean "inventory" as such term is defined in the UCC, including without limitation, all goods (whether such goods are in the possession of the Debtor or of a bailee or other Person for sale, lease, storage, transit, processing, use or otherwise and whether consisting of whole goods, spare parts, components, supplies, materials or consigned or returned or repossessed goods), including without limitation, all such goods which are held for sale or lease or are to be furnished (or which have been furnished) under any contract of service or which are raw materials or work in progress or materials used or consumed in the Debtor's business.

"Investment Property" shall mean "investment property" as such term is defined in the UCC.

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement of any kind or nature whatsoever, including, without limitation, the filing of any financing statement or similar instrument under the UCC or comparable law of any jurisdiction, domestic or foreign.

"Permitted Liens" shall mean (i) any Lien in favor of the Secured Party; (ii) any Lien that is subordinate to the Lien on the Collateral created by this Agreement; (iii) any Liens existing as of the date hereof and set forth on Schedule 1 hereto; (iv) Liens (A) upon or in any property acquired or held by Debtor or any of its subsidiaries to secure the purchase price of such property or indebtedness incurred solely for the purpose of financing the acquisition of such property, or (B) existing on such property at the time of its acquisition, provided that the Lien is confined solely to the property so acquired and improvements thereon; (v) Liens on assets of Persons which become subsidiaries of Debtor after the date hereof, provided that such Liens existed at the time the respective Persons became subsidiaries of Debtor and were not created in anticipation thereof; and (vi) other Liens which arise in the ordinary course of business and do not materially impair Debtor's ownership or use of the Collateral or the value thereof.

"Person" shall mean and include any individual, partnership, joint venture, firm, corporation, association, trust or other enterprise or any government or political subdivision or agency, department or instrumentality thereof.

"Proceeds" shall mean "proceeds" as such term is defined in the UCC.

"Receivables" shall mean all rights to payment for goods sold or leased or services rendered, whether or not earned by performance and all rights in respect of the Account Debtor, including without limitation, all such rights in which the Debtor has any right, title or interest by reason of the purchase thereof by the Debtor.

"Receivables Records" shall mean (a) all original copies of all documents, instruments or other writings evidencing the Receivables, (b) all books, correspondence, credit or other files, records, ledger sheets or cards, invoices, and other papers relating to Receivables, including without limitation all tapes, cards, computer tapes, computer discs, computer runs, record keeping systems and other papers and documents relating to the Receivables, whether in the possession or under the control of the Debtor or any computer bureau or agent from time to time acting for the Debtor or otherwise, (c) all evidences of the filing of financing statements and the registration of other instruments in connection therewith and amendments, supplements or other modifications thereto, notices to other creditors or secured parties, and certificates, acknowledgments, or other writings, including without limitation lien search reports, from filing or other registration officers, (d) all credit information, reports and memoranda relating thereto, and (e) all other written or non-written forms of information related in any way to the foregoing or any Receivable.

"Secured Obligations" shall mean all obligations, liabilities and indebtedness of every nature of the Debtor to the Secured Party, now existing or hereafter incurred, arising under or in connection with the Notes and this Security Agreement, as they may be amended, restated, supplemented or otherwise modified from time to time.

"UCC" shall mean the Uniform Commercial Code as the same may, from time to time, be in effect in the State of Texas; provided, however, in the event that any or all of the attachment, perfection or priority of the Secured Party's security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the state of incorporation of the Debtor, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection of priority and for purposes of definitions related to such provisions.

## ARTICLE II

### GRANT OF SECURITY INTERESTS

2.1 As security for the timely and complete payment and performance in full of all the Secured Obligations, the Debtor hereby unconditionally and irrevocably assigns, conveys, mortgages, pledges, hypothecates and transfers to the Secured Party and hereby grants to the Secured Party a continuing and perfected first priority security interest in and to, a lien on and a right of set-off against all of the Debtor's right, title and interest in, to and under the following, in each case, whether now owned or existing or hereafter acquired or arising, and wherever located (all of which being hereinafter collectively called the "Collateral"):

all of its personal property, wherever located and whether now existing or owned or hereafter acquired or arising, including all accounts, chattel paper, commercial tort claims, deposit accounts, documents, equipment (including all fixtures), general

intangibles, instruments, inventory, investment property, letter-of-credit rights, other goods, money, intellectual property, including its copyright registrations and applications for copyright registrations and any of the Company's patents, patent applications, trademarks and trademark applications and all products, proceeds and supporting obligations of any and all of the foregoing (collectively, the "Collateral"). This Agreement shall create a continuing security interest in the Collateral which shall remain in effect until terminated in accordance with Section 7.8 hereof. Anything herein to the contrary notwithstanding, in no event shall the Collateral include, and Debtor shall not be deemed to have granted a security interest in, any of Debtor's right, title or interest in any of the outstanding voting capital stock or other ownership interests of a Controlled Foreign Corporation (as defined below) in excess of 65% of the voting power of all classes of capital stock or other ownership interests of such Controlled Foreign Corporation entitled to vote; provided that (i) immediately upon the amendment of the Internal Revenue Code to allow the pledge of a greater percentage of the voting power of capital stock or other ownership interests in a Controlled Foreign Corporation without adverse tax consequences, the Collateral shall include, and Debtor shall be deemed to have granted a security interest in, such greater percentage of capital stock or other ownership interests of each Controlled Foreign Corporation; and (ii) if no adverse tax consequences to Debtor shall arise or exist in connection with the pledge of any Controlled Foreign Corporation, the Collateral shall include, and Debtor shall be deemed to have granted a security interest in, such Controlled Foreign Corporation. As used herein, "Controlled Foreign Corporation" shall mean a "controlled foreign corporation" as defined in the Internal Revenue Code.

### ARTICLE III

#### RIGHTS OF THE SECURED PARTY; COLLECTION OF ACCOUNTS.

3.1 The Secured Party may, at any time following the occurrence and during the continuance of any Event of Default which remains uncured for thirty (30) days after its occurrence, without notice to Debtor, notify Account Debtors of Debtor that the Accounts and the right, title and interest of the Debtor in and under such Accounts have been assigned to the Secured Party and that payments shall be made directly to the Secured Party. Upon the request of the Secured Party, the Debtor shall so notify such Account Debtors. Following the occurrence and during the continuance of any Event of Default, the Secured Party may, in its name or in the name of others, communicate with such Account Debtors to verify with such parties, to the Secured Party's reasonable satisfaction, the existence, amount and terms of any such Accounts.

### ARTICLE IV

#### REPRESENTATIONS AND WARRANTIES

The Debtor, to its knowledge, hereby represents and warrants to the Secured Party, which representations and warranties shall survive execution and delivery of this Security Agreement, as follows:

4.1 Validity, Perfection and Priority.

(a) The security interests in the Collateral granted to the Secured Party hereunder constitute valid and continuing security interests in the Collateral; and

(b) upon (i) filing financing statements (on Form UCC-1) naming the Debtor as "debtor" and the Secured Party as "Secured Party" in the filing offices of the Secretary of State of the State of Texas, the security interests in the Collateral (other than money, registered copyrights, deposit accounts or letter-of-credit rights) granted to the Secured Party hereunder will constitute perfected security interests superior and prior to all Liens, rights or claims with respect to the Collateral of all other Persons, except for Permitted Liens.

(c) Debtor's chief executive office and principal place of business (as of the date of this Agreement) is located at the address set forth in Schedule 2; Debtor's jurisdiction of organization and organizational identification number are set forth in Schedule 2; Debtor's exact legal name is as set forth in the first paragraph of this Agreement; and all other locations where Debtor conducts business or Collateral is kept (as of the date of this Agreement) are set forth in Schedule 2.

(d) Debtor has rights in or the power to transfer the Collateral, and Debtor is the sole and complete owner of the Collateral, free from any Lien other than Permitted Liens.

(e) All of Debtor's U.S. and foreign patents and patent applications, copyrights (whether or not registered), applications for copyright, trademarks, service marks and trade names (whether registered or unregistered), and applications for registration of such trademarks, service marks and trade names, are set forth in Schedule 3.

(f) No control agreements exist with respect to any Collateral other than control agreements in favor of Secured Party.

(g) The names and addresses of all financial institutions and other Persons at which Debtor maintains its deposit and securities accounts, and the account numbers and account names of such accounts, are set forth in Schedule 2.

(h) Schedule 3 lists Debtor's ownership interests in each of its subsidiaries as of the date hereof.

4.2 No Liens; Other Financing Statements.

(a) To the Debtor's knowledge, the Debtor is the sole legal and equitable owner of each item of Collateral in which it purports to grant a security interest hereunder, and, as to all Collateral whether now existing or hereafter acquired, will continue to own each item of the Collateral free and clear of any and all Liens, rights or claims of all other Persons, except for Permitted Liens, and the Debtor shall defend the Collateral against all claims and demands of all Persons at any time claiming the same or any interest therein materially adverse to the Secured Party.

(b) To the Debtor's knowledge, no financing statement or other evidence of Lien covering or purporting to cover any of the Collateral is on file in any public office other than (i) financing statements filed in connection with the security interests granted to the Secured Party hereunder, (ii) financing statements for which proper termination statements have been delivered to the Debtor for filing and (iii) financing statements evidencing Permitted Liens set forth on Schedule A.

(c) This Security Agreement creates a legal, valid and continuing security interest on and in all of the Collateral in which Debtor now has rights and, except with respect to money, registered copyrights, deposit accounts and letter-of-credit rights, all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken. Accordingly, except for Permitted Liens, the Secured Parties have a fully perfected first priority security interest in all of the Collateral in which Debtor now has rights. Except for Permitted Liens, this Security Agreement will create a legal, valid, continuing and fully perfected first priority security interest in the Collateral in which Debtor later acquires rights, when Debtor acquires those rights.

4.3 Representations and Covenants Related to Perfection. The Debtor represents and warrants to the Secured Party as follows: (a) the Debtor's exact legal name is as indicated on page 1 of this Security Agreement and on the signature page hereof; (b) the Debtor is an organization of the type and is organized in the jurisdiction set forth on page 1 of this Security Agreement; and (c) each of the Subsidiaries' exact legal name is indicated in the signature page hereof.

## ARTICLE V

### COVENANTS

The Debtor covenants and agrees with the Secured Party that from and after the date of this Security Agreement:

5.1 Further Assurances. The Debtor will from time to time at the expense of the Debtor, promptly execute, deliver, file and record all further instruments, endorsements and other documents, and take such further action as the Secured Party may deem reasonably desirable in obtaining the full benefits of this Security Agreement and of the rights, remedies and powers herein granted, including, without limitation, the following:

(i) Cooperate with the filing of any financing statements (on Form UCC-1), in a form reasonably acceptable to the Secured Party under the Uniform Commercial Code in effect in any jurisdiction with respect to the Liens and security interests granted hereby. The Debtor also hereby authorizes the Secured Party to file any such financing statements, including without limitation continuation statements, and amendments thereto, in all jurisdictions and with all filing offices as the Secured Party may determine, in its reasonable discretion, are necessary or advisable to perfect the security interests granted to the Secured Party in connection herewith, without the signature of the Debtor to the extent permitted by applicable law. Such financing statements may describe the Collateral in the same manner as described in this Agreement or may contain an indication or description of Collateral that describes such property in any other

manner as the Secured Party may determine, in its reasonable discretion, is necessary, advisable or prudent to ensure the perfection of the security interests in the Collateral granted to the Secured Party in connection herewith. A photocopy or other reproduction of this Security Agreement shall be sufficient as a financing statement and may be filed in lieu of the original to the extent permitted by applicable law. The Debtor will pay or reimburse the Secured Party for all filing fees and related expenses reasonably incurred in connection therewith; and

(ii) furnishing to the Secured Party from time to time of statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Secured Party may reasonably request, all in reasonable detail and in form reasonably satisfactory to the Secured Party.

5.2 Change of Name; Identity; Corporate Structure; or Location of Inventory. The Debtor will not change its name, identity, corporate structure or location of its Inventory (other than sales of Inventory in the ordinary course of business) without (i) giving the Secured Party at least thirty (30) days' prior written notice clearly describing such new name, identity, corporate structure or new location and providing such other information in connection therewith as the Secured Party may reasonably request, and (ii) taking all action satisfactory to the Secured Party as the Secured Party may reasonably request to maintain the security interest of the Secured Party in the Collateral intended to be granted hereby at all times fully perfected with the same or better priority and in full force and effect.

(a) Maintain Records. The Debtor will keep and maintain at its own cost and expense reasonably satisfactory and complete records of the Collateral.

5.3 Patents, Trademark and other Intellectual Property: If and when Debtor shall obtain rights to any new patents, trademarks, service marks, trade names or copyrights, or otherwise acquire or become entitled to the benefit of, or apply for registration of, any of the foregoing, Debtor (i) shall promptly notify Secured Party thereof and (ii) hereby authorizes Secured Party to modify, amend, or supplement Schedule 3 and from time to time to include any of the foregoing and make all necessary or appropriate filings with respect thereto.

5.4 Insurance. The Debtor will use commercially reasonable efforts to maintain, with financially sound and reputable insurers insurance with respect to the Collateral and its use, against loss or damage of the kinds customarily insured against by reputable companies in the same or similar businesses, similarly situated, such insurance to be of such types and in such amounts (with such deductible amounts) as is customary for such companies under the same or similar circumstances

5.5 Payment Obligations. The Debtor will pay promptly when due all taxes, assessments and governmental charges or levies imposed upon the Collateral, as well as all claims of any kind (including, without limitation, claims for labor, materials, supplies and services) against or with respect to the Collateral, except that no such charge need be paid if (i) the validity thereof is being contested in good faith by appropriate proceedings, (ii) the Debtor has promptly notified the Secured Party of the existence of such proceedings and such proceedings do not involve, in the good faith and reasonable opinion of the Secured Party, any material danger for the sale, forfeiture or loss of any material portion of the Collateral or any



material interest therein and (iii) such charge is adequately reserved against on the Debtor's books in accordance with generally accepted accounting principles.

5.6 Negative Pledge. Without the consent of the Secured Party, the Debtor will not create, incur or permit to exist, will defend the Collateral against, and will take such other action as is necessary to remove, any Lien or claim on or to the Collateral, other than the Liens created hereby and other than Permitted Liens.

5.7 Limitations on Dispositions of Collateral. Without the consent of the Secured Party, the Debtor will not sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so, except for sales of Inventory in the ordinary course of its business.

## ARTICLE VI

### REMEDIES; RIGHTS UPON DEFAULT

6.1 Rights and Remedies Generally. If an Event of Default shall occur and be continuing, then and in every such case, the Secured Party shall have all the rights of a secured party under the UCC, shall have all rights now or hereafter existing under all other applicable laws, and, subject to any mandatory requirements of applicable law then in effect, shall have all the rights set forth in this Security Agreement and the Notes.

6.2 Assembly of Collateral. If an Event of Default shall occur and be continuing, upon five days' notice to the Debtor, the Debtor shall, at its own expense, assemble the Collateral (or from time to time any portion thereof) and make it available to the Secured Party at any place or places designated by the Secured Party which is reasonably convenient to both parties.

6.3 Disposition of Collateral. The Secured Party will give the Debtor reasonable notice of the time and place of any public sale of the Collateral or any part thereof or the time after which any private sale or any other intended disposition thereof is to be made. The Debtor agrees that the requirements of reasonable notice to it shall be met if such notice is mailed, postage prepaid to its address specified in Section 7.4 of this Security Agreement (or such other address that the Debtor may provide to the Secured Party in writing) at least ten (10) days before the time of any public sale or after which any private sale may be made. The proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be distributed by the Secured Party in the following order of priorities: First, to the Secured Party in an amount sufficient to pay in full the reasonable costs of the Secured Party in connection with such sale, disposition or other realization, including all fees, costs, expenses, liabilities and advances reasonably incurred or made by the Secured Party in connection therewith, including, without limitation, reasonable attorneys' fees; Second, to the Secured Party in an amount equal to the then unpaid Secured Obligations (with each Secured Party receiving its pro rata share based upon such Secured Party's principal amount of Notes acquired pursuant to the Offering; and finally, upon payment in full of the Secured Obligations, to the Debtor or its representatives, in accordance with the UCC or as a court of competent jurisdiction may direct.

6.4 Recourse. The Debtor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to satisfy the Secured Obligations. The Debtor shall also be liable for all expenses of the Secured Party reasonably incurred in connection with collecting such deficiency, including, without limitation, the reasonable fees and disbursements of one firm of attorneys employed by the Secured Party to collect such deficiency.

6.5 Expenses; Attorneys' Fees. The Debtor shall reimburse the Secured Party for all their reasonable expenses in connection with the exercise of their rights hereunder, including, without limitation, all reasonable attorneys' fees and legal expenses of one firm of attorneys incurred by the Secured Party. Expenses of retaking, holding, preparing for sale, selling or the like shall include the reasonable attorneys' fees and legal expenses of one firm of attorneys of the Secured Party. All such expenses shall be secured hereby.

6.6 Limitation on Duties Regarding Preservation of Collateral. The Secured Party's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in their possession, under Section 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as the Secured Party deal with similar property for their own account.

(a) The Secured Party shall have no obligation to take any steps to preserve rights against prior parties to any Collateral.

(b) None of the Secured Party nor any of their directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Debtor or otherwise.

## ARTICLE VII

### MISCELLANEOUS

7.1 Limitation on the Secured Party's Duty in Respect of Collateral. The Secured Parties shall be deemed to have acted reasonably in the custody, preservation and disposition of any of the Collateral if they take such action as the Debtor requests in writing, but failure of the Secured Party to comply with any such request shall not in itself be deemed a failure to act reasonably, and no failure of the Secured Party to do any act not so requested shall be deemed a failure to act reasonably.

7.2 Reinstatement. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against the Debtor for liquidation or reorganization, should the Debtor become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of the Debtor's property and assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or

returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

7.3 Governing Law. **THIS SECURITY AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF TEXAS.**

7.4 Notices. All notices shall be given in accordance with the provisions of the Subscription Agreements.

7.5 Successors and Assigns. This Security Agreement shall be binding upon and inure to the benefit of the Debtor, the Secured Party, all future holders of the Secured Obligations and their respective successors and assigns, except that the Debtor may not assign or transfer any of its rights or obligations under this Security Agreement without the prior written consent of the Secured Party.

7.6 Waivers and Amendments. Any provisions in this Security Agreement may be waived, amended, supplemented or otherwise modified with the written consent of the Company and the Secured Party holding at least 51% in aggregate principal amount of the Notes issued in the Offering.

7.7 No Waiver; Remedies Cumulative. No failure or delay on the part of the Secured Party in exercising any right, power or privilege hereunder and no course of dealing between the Debtor shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Secured Party would otherwise have on any future occasion. The rights and remedies herein expressly provided are cumulative and may be exercised singly or concurrently and as often and in such order as the Secured Party deem expedient and are not exclusive of any rights or remedies which the Secured Party would otherwise have whether by security agreement or now or hereafter existing under applicable law. No notice to or demand on the Debtor in any case shall entitle the Debtor to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Secured Party to any other or future action in any circumstances without notice or demand.

7.8 Termination; Release. When the Secured Obligations have been indefeasibly paid and performed in full this Security Agreement shall terminate, and the Secured Party, at the request and sole expense of the Debtor, will execute and deliver to the Debtor the proper instruments (including UCC termination statements) acknowledging the termination of this Security Agreement, and will duly assign, transfer and deliver to the Debtor, without recourse, representation or warranty of any kind whatsoever, such of the Collateral as may be in the possession of the Secured Party and has not theretofore been disposed of, applied or released.

7.9 Headings Descriptive. The headings of the several Sections and subsections of this Security Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Security Agreement.

7.10 Additional Secured Party. Additional parties acquiring Notes pursuant to the Offering after the date hereof may become parties to this Agreement by executing the signature page hereto, whereupon such parties shall be included in the definition of "Secured Party" for all purposes under this Agreement

7.11 Action by Secured Party. Any action required or permitted to be taken under this Agreement or with respect to the Collateral by the Secured Party, including but not limited to the granting of consents, amending or waiving any provision of this Agreement or declaring an Event of Default, may only be taken if consented to each of the Secured Party.

7.12 Severability. In case any provision in or obligation under this Security Agreement or the Secured Obligations shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

[Signature Page Follows]

IN WITNESS WHEREOF, the Debtor and the Secured Party have caused this Security Agreement to be duly executed and delivered as of the date first above written.

**SECURED PARTY:**

**HERITAGE OPPORTUNITY FUND, LLC**

By: 

Name: RYAN N. BOWLES

Title: MANAGING MEMBER

Address: 13520 FURKAWA CIL DR. NORTH  
SUITE 100  
SAN DIEGO, CA 92128

**DEBTOR(s)**

**GEMINI ENVIRONMENTAL CORPORATION**



By: \_\_\_\_\_

Name: Christopher S. Walton

Title: Chief Executive Officer

Address: 3112 Windsor Road, Suite A-137  
Austin, TX 78703

**DAMAGE PREVENTION CONCEPTS, INC.**

By: GEMINI ENVIRONMENTAL CORPORATION (Sole Shareholder)



By: \_\_\_\_\_

Christopher S. Walton, President

sd-454904

**SCHEDULE 3**  
to the Security Agreement

**Patents and Patent Applications.**

US patent application 11/443,726 (our attorney file 100-1387);

US patent application 11/490,766 (our attorney file 101-1387);

US patent application 11/652,216 (our attorney file 102-1387);

US patent application 11/652,195 (our attorney file 103-1387);

US provisional application 61/011,559 (our attorney file 105-1387. Note file 104-1387 has been abandoned);

PCT application US2006/031770 (our attorney file 701-1387 PCT. Note file 700-1387 PCT has been abandoned);

**Copyrights (Registered and Unregistered) and Copyright Applications.**

None.

**Trademarks, Service Marks and Trade Names and Trademark, Service Mark and Trade Name Applications.**

US trademark application 77/463,902 (our attorney file 200-1387); and

US trademark application 77/463,911 (our attorney file 201-1387)..

**SCHEDULE 4**  
to the Security Agreement

**SUBSIDIARIES**

1. Interests in each limited liability company that is a subsidiary of Debtor as follows:

<b>Subsidiary</b>	<b>Number of Units</b>	<b>Date of Issuance of Units</b>
None.		

2. Interests in each general partnership, limited partnership, limited liability partnership or other partnership that is a subsidiary of Debtor as follows:

<b>Subsidiary</b>	<b>Type of Partnership Interest (e.g., general, limited)</b>	<b>Date of Issuance or Formation</b>	<b>Number of Units or Other Ownership Interests</b>
None.			

3. Capital stock of each corporate subsidiary of Debtor, and the stock certificates with respect thereto, as follows:

<b>Subsidiary</b>	<b>Certificate No.</b>	<b>Certificate Date</b>	<b>No. and Class of Shares</b>
Damage Prevention Concepts, Inc.			1000 shares of Common Stock