

PATENT ASSIGNMENT

Electronic Version v1.1  
Stylesheet Version v1.1

SUBMISSION TYPE:

NEW ASSIGNMENT

NATURE OF CONVEYANCE:

SECURITY AGREEMENT

CONVEYING PARTY DATA

Name	Execution Date
PLASCO TRAIL ROAD INC.	10/26/2011
PLASCO ENERGY GROUP INC.	10/26/2011

RECEIVING PARTY DATA

Name:	North Shore Power Group Inc.
Street Address:	13 Murray Street
Internal Address:	P.O. Box 1929
City:	Blind River
State/Country:	ONTARIO
Postal Code:	P0R 1B0

PROPERTY NUMBERS Total: 23

Property Type	Number
Application Number:	12968164
Application Number:	12919729
Application Number:	12919829
Application Number:	12669431
Application Number:	12119413
Patent Number:	5280757
Application Number:	13263330
Application Number:	13263326
Application Number:	12119307
Application Number:	11916381
Application Number:	13235665
Application Number:	11745400
Application Number:	11745414

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PATENT  
REEL: 027129 FRAME: 0288

CH \$920.00 12968164

Application Number:	12785219
Application Number:	11745427
Application Number:	11745431
Application Number:	11745438
Application Number:	11745435
Patent Number:	6155182
Patent Number:	6817388
Application Number:	61485499
Application Number:	61505337
Application Number:	11758633

#### CORRESPONDENCE DATA

Fax Number: (312)360-9315  
 Phone: (312) 360-0080  
 Email: lonorato@gbclaw.net  
*Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.*  
 Correspondent Name: Greer, Burns & Crain, Ltd.  
 Address Line 1: 300 South Wacker Drive  
 Address Line 2: Suite 2500  
 Address Line 4: Chicago, ILLINOIS 60606

ATTORNEY DOCKET NUMBER: 1652.108609

NAME OF SUBMITTER: Lawrence J. Crain

#### Total Attachments: 18

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**ASSIGNMENT OF INTELLECTUAL PROPERTY AND INCOME FROM THE  
ASSETS, INSURANCE PROCEEDS AND WARRANTIES**

This Agreement is dated as of October 26, 2011.

**TO:** Name: North Shore Power Group Inc. ("the "**Lessor**")  
Address: 13 Murray Street P.O. Box 1929, Blind River, ON, P0R 1B0  
Attention: Graeme Lowry  
Fax: 705.356.5301  
E-mail: g.lowry@northshorepowergroup.com

**RECITALS:**

A. Plasco Trail Road Inc. (the "**Lessee**"), Plasco Energy Group (the "**Guarantor**") and the Lessor are parties to an equipment lease agreement dated as of the date hereof (as may be amended, supplemented, restated, replaced or otherwise modified, from time to time, the "**Lease**"), and the Guarantor has executed a guarantee dated as of the date hereof pursuant to which the Guarantor has agreed to guarantee the obligations of the Lessee under the Lease (as may be amended, supplemented, restated, replaced or otherwise modified, from time to time, the "**Guarantee**").

B. To secure the payment and performance of the Secured Liabilities, the Lessee has agreed to grant to the Lessor a collateral assignment of, and security interest in, all of its rights in the Lessee Collateral, and the Guarantor has agreed to grant to the Lessor a collateral assignment of, and security interest in, all of its rights in the Guarantor Collateral, in accordance with the terms of this Agreement.

For good and valuable consideration, the receipt and adequacy of which is acknowledged by the Lessee and Guarantor, the Lessee and Guarantor agree with and in favour of the Lessor as follows:

1. **Definitions.** In this Agreement, capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to them in the Purchase Agreement, and the following terms have the following meanings.

**"Agreement"** means this agreement, including the schedules and recitals to this agreement, as it or they may be amended, supplemented, restated, replaced or otherwise modified from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular section or other portion of this Agreement.

**"Collateral"** means the Lessee Collateral and the Guarantor Collateral;

**"Contracts"** means all contracts and agreements to which the Guarantor is at any time party or pursuant to which the Guarantor has at any time acquired rights, and includes (i) all rights of the Guarantor to receive money due and to become due to it in connection with a contract or agreement, (ii) all rights of the Guarantor to damages arising out of, or for breach or default with respect to, a contract or agreement, and (iii) all rights of the

Guarantor to perform and exercise all remedies in connection with a contract or agreement.

**“Insurance”** means any and all contracts or policies of insurance, now or hereafter, maintained by the Lessee in respect of the Equipment pursuant to Section 10 of the Lease.

**“Inbound License Agreements”** means all Applicable Agreements under which the Guarantor or any of its subsidiaries has obtained any right to use or practice, or any forbearance under or other rights with respect to, any third party Intellectual Property, including license agreements, development agreements, distribution agreements, settlement agreements, consent to use agreements and covenants not to sue.

**“Intellectual Property Rights”** means all Canadian and U.S. industrial and Intellectual Property rights of the Guarantor or in which the Guarantor has any right, title or interest, including Inbound License Agreements, copyrights, patents, inventions (whether or not patented), trade-marks, get-up and trade dress, industrial designs, integrated circuit topographies, plant breeders’ rights, know how and trade secrets, registrations and applications for registration for any such Canadian and U.S. industrial and intellectual property rights, including, without limitation, those listed in Schedule A attached hereto, and all Contracts related to any such Canadian and U.S. industrial and intellectual property rights.

**“Intellectual Property”** means any intellectual property, on a worldwide basis, (whether registered or unregistered) including: (i) all inventions (whether patentable or unpatentable and whether or not reduced to practice), and all patents, patent applications, and patent disclosures, together with all divisional reissuances, continuations, continuations-in-part, revisions, extensions and re-examinations thereof; (ii) all trademarks, trade names, trade dress, logos, business names, corporate names, domain names, uniform resource locators (URL’s) and Internet websites related thereto, and including all goodwill associated therewith and all applications, registrations and renewals in connection therewith; (iii) all copyrightable works, all copyrights and all applications, registrations and renewals in connection therewith; (iv) all industrial designs and all applications, registrations and renewals in connection therewith; (v) all proprietary, technical or confidential information, including all trade secrets, processes, procedures, know-how, show-how, formulae, methods, data, compilations, databases and the information contained therein; and (vi) all computer software (including all source code, object code and related documentation), together with (a) all copies and tangible embodiments of all of the foregoing (in whatever form or medium), (b) all improvements, modifications, translations, adaptations, refinements, derivations and combinations thereof, and (c) all Intellectual Property Rights related thereto.

**“Organizational Documents”** means, with respect to any Person, such Person’s articles or other charter documents, by-laws, unanimous shareholder agreement, partnership agreement or trust agreement, as applicable, and any and all other similar agreements, documents and instruments relative to such Person.

**“Permits”** means all permits, licences, waivers, exemptions, consents, certificates, authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Lessee has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business.

**“Person”** includes any natural person, corporation, company, limited liability company, unlimited liability company, trust, joint venture, association, incorporated organization, partnership, Governmental Authority or other entity.

**“PPSA”** means the *Personal Property Security Act* (Ontario), as such legislation may be amended, renamed or replaced from time to time, and includes all regulations from time to time made under such legislation.

**“Proceeds”** has the meaning given to it in the PPSA.

**“Purchase Agreement”** means the equipment sale and purchase agreement dated the date hereof between the Lessor, as purchaser, and the Lessee, as seller.

**“Secured Liabilities”** means all present and future indebtedness, liabilities and obligations of any and every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Lessee to the Lessor under, in connection with or with respect to the Transaction Documents, and any unpaid balance thereof.

**“Security Interests”** means the Liens created by the Lessee and Guarantor in favour of the Lessor under this Agreement.

**“Transaction Documents”** means this Agreement, the Lease, the Purchase Agreement, the Bill of Sale, and any agreement or document delivered in connection with any of the foregoing, and any agreement amending, supplementing, restating, replacing or otherwise modifying any of the foregoing.

**“Warranties”** means all warranties, service life policies and assurances now or hereafter given by any manufacturer, servicer, repairer, maintenance or overhaul agency relating to the Equipment or any part thereof, together in each case with all rights, powers, privileges, options and other benefits of the Lessee thereunder with respect to the Equipment, including, the right to make all waivers and agreements, to give and receive all notices and other instruments or communications, to take such action upon the occurrence of a default thereunder, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted thereby or by Applicable Law, and to do any and all other things which the Lessee is or may be entitled to do thereunder.

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”.

2. **Grant of Security Interests.**

(a) **Grant of Security Interest by the Lessee.** As general and continuing collateral security for the due payment and performance of the Secured Liabilities, the Lessee pledges, mortgages, charges and assigns (by way of security) to the Lessor, and grants to the Lessor a security interest in each of the following (collectively, the “**Lessee Collateral**”):

(i) the Warranties to the extent the same relate to continuing rights of the Lessee in respect of any warranty, indemnity or agreement, express or implied, as to title, workmanship, maintenance, repair, servicing, overhaul or design or patent infringement with respect to the Equipment;

(ii) all Insurance and all payments of any kind with respect to the Equipment, including but not limited to the Insurance but excluding all proceeds of, and any rights under, any separate insurance maintained by the Lessee and not required under any of the Transaction Documents;

(iii) all payments or proceeds payable to the Lessee with respect to the Equipment as the result of the use, sale, lease or other disposition thereof, and all estate, right, title and interest of every nature whatsoever of the Lessee in and to the same (the “**Lease Proceeds**”);

(iv) all Permits; and

(v) all proceeds of the foregoing.

(b) **Grant of Security Interest by the Guarantor.** As general and continuing collateral security for the due payment and performance of the Secured Liabilities, the Guarantor pledges, mortgages, charges and assigns (by way of security) to the Lessor, and grants to the Lessor a security interest in each of the following (collectively, the “**Guarantor Collateral**”):

(i) Intellectual Property Rights; and

(ii) all proceeds of the foregoing.

3. **Limitations on Grant of Security Interests.** If the grant of the Security Interests with respect to any Intellectual Property Right or Permit under Section 2 would result in the termination or breach of such Intellectual Property Right or Permit or is otherwise prohibited or ineffective (whether by the terms thereof or under Applicable Law), then such Intellectual Property Right or Permit shall not be subject to the Security Interests but shall be held in trust by the Guarantor for the benefit of the Guarantor or the Lessor, as the case may be and, on the exercise by the Lessor of any of its rights or remedies under this Agreement following an Event of Default of Lessee shall be assigned by the Lessee as directed by the Lessor; provided that the Security Interests shall attach to such Intellectual Property Right or Permit, or applicable portion thereof, immediately at such time as the condition causing such termination or breach is remedied.

4. **Representations and Warranties.** The Lessee and Guarantor jointly and severally represent and warrant to the Lessor that, as of the date of this Agreement:
- (a) **Information.** All of the information set out in Schedule A is accurate and complete.
  - (b) **Authority.** The Lessee and the Guarantor each have full power and authority to grant to the Lessor the Security Interests and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Lessee's or Guarantor's Organizational Documents or any agreement, instrument or restriction to which the Lessee or the Guarantor is a party or by which the Lessee or Guarantor is bound.
  - (c) **Consents.** Except for any consent that has been obtained and is in full force and effect, no consent of any Person is required, or is purported to be required, for the execution, delivery, performance and enforcement of this Agreement or the grant of the Security Interest in the Collateral.
  - (d) **Execution and Delivery.** This Agreement has been duly authorized, executed and delivered by the Lessee and the Guarantor and is a valid and binding obligation of the Lessee and the Guarantor enforceable against the Lessee and the Guarantor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.
  - (e) **Title; No Other Security Interests.** Except for Permitted Liens, the Lessee and Guarantor own (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of any Liens. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Liens.
  - (f) **True Copies.** It has provided true and complete copies of the Warranties, the Insurance, the Intellectual Property and the Permits to the Lessor.
  - (g) **No Amendments.** No provision of any of the Warranties, the Insurance, the Intellectual Property or the Permits has been amended, modified or waived.
  - (h) **Full Force and Effect.** None of the Warranties, the Insurance, the Intellectual Property or the Permits has been cancelled, terminated or suspended (and the Lessee has received no notice of any such pending event), and all the Insurance, the Intellectual Property and the Permits remain in full force and effect.
  - (i) **No Default.** The Lessee and Guarantor and, to the best of the Lessee and Guarantor's knowledge, the counterparties thereto are not in default under any of their respective liabilities, duties or obligations under, or any provision of, the Collateral and no event has occurred which would, after the giving of notice, the

lapse of time or otherwise, constitute a default under or in respect of any of the Collateral.

- (j) No Set Off. Neither the Lessee nor the Guarantor has received notice of set-off, counterclaim or other similar right under any of the Warranties, the Insurance, the Intellectual Property, the Permits or Lease Proceeds.
- (k) Authorizations. Every authorization, approval, order and consent necessary for the execution, delivery and performance by the Lessee and the Guarantor of the Warranties, the Insurance, the Intellectual Property, the Permits or Lease Proceeds has been obtained and is in full force and effect, unamended at the date hereof, other than authorizations, approvals, consents or permits ordinarily obtained during the course of construction or which are otherwise required pursuant to the provisions of any of the Insurance, the Intellectual Property, the Permits or Lease Proceeds to be obtained on a date following the date of this Agreement.
- (l) No Disposition. Neither the Lessee nor the Guarantor has sold, assigned, created a Lien over or otherwise disposed of any of the Collateral or any right, title or interest therein.
- (m) Intellectual Property Rights.
  - (i) All registrations and applications for registration pertaining to any Intellectual Property Rights, all other material Intellectual Property Rights, and the nature of the Guarantor's right, title or interest therein, are described in Schedule A to this Agreement.
  - (ii) Each Intellectual Property Right is valid, subsisting, unexpired, enforceable, and has not been abandoned.
  - (iii) In the case of copyright works, the Guarantor has obtained full and irrevocable waivers of all moral rights or similar rights pertaining to such works.
  - (iv) Except as set out in Schedule A to this Agreement, none of the Intellectual Property Rights have been licensed or franchised by the Guarantor to any Person, other than to Controlled Subsidiaries, or, to the best of the Guarantor's knowledge, infringed or otherwise misused by any Person.
  - (v) Except as set out in Schedule A to this Agreement, the exercise of any Intellectual Property Right, or any licensee or franchisee thereof, has not infringed or otherwise misused any intellectual property right of any other Person, and the Guarantor has not received and is not aware of any claim of such infringement or other misuse.
  - (vi) Except as set forth in Schedule A, the Guarantor owns and has the exclusive legal and beneficial right, title and interest in and to the Intellectual Property Rights in its own name, free and clear of any Liens.



- (vii) The consummation of the transactions contemplated by or in connection with this Agreement will not impair, alter or limit in any way the Guarantor's rights in or to the Intellectual Property Rights.
- (viii) The Guarantor owns or has a valid and enforceable right to use the Intellectual Property Rights necessary for the operation, conduct and maintenance of the business of the Guarantor and its subsidiaries as such business is currently and has historically been operated, conducted or maintained and as such business is currently contemplated to be conducted.
- (ix) Except as disclosed in Schedule A, the Guarantor and the Controlled Subsidiaries have the exclusive right to use and otherwise exploit the Intellectual Property Rights in all jurisdictions in which it is currently or has historically been used or otherwise exploited, and in all jurisdictions in which the Guarantor and the Controlled Subsidiaries contemplate to operate their businesses, and there are no prohibitions or restrictions on the use or other exploitation by the Guarantor or the Controlled Subsidiaries of the Intellectual Property Rights.
- (x) Neither (i) the operation, conduct and maintenance by the Guarantor or the Controlled Subsidiaries of the Guarantor and its subsidiaries' business as it is currently and has historically been operated, conducted and maintained, and as contemplated to be operated, conducted and maintained nor (ii) the use by the Guarantor or the Controlled Subsidiaries of any Intellectual Property Rights does or shall infringe, misappropriate, misuse or violate the Intellectual Property, or any other rights, of any third party or breaches any duty or obligation owed to any third party.
- (xi) Except as disclosed in Schedule A, neither the Guarantor nor the Controlled Subsidiaries have received any notice, complaint, threat or claim alleging: (i) the infringement, misappropriation, misuse or violation of any Intellectual Property or other right of any third party or breach of any duty or obligation owed to any third party (including any demands or offers to license any Intellectual Property); or (ii) that the Guarantor or the Controlled Subsidiaries does not own or have the valid and enforceable right to use the Intellectual Property Rights.
- (xii) Except as disclosed in Schedule A, no claims have been asserted by any third party with respect to, or challenging or questioning, (i) the ownership, validity, enforceability or use of, the Intellectual Property Rights or (ii) the operation, conduct and maintenance of the business of the Guarantor and its subsidiaries as such is currently, is planned to be, or has historically been operated, conducted or maintained and there is no valid basis for any such claim.
- (xiii) Except as disclosed in Schedule A, neither the Guarantor nor the Controlled Subsidiaries has any Knowledge of any past or present infringement, misappropriation, misuse, or violation of, breach of any obligations with respect to, or other impairment of any of the Intellectual Property Rights by any third party.

- (xiv) Except as disclosed in Schedule A, no claim has been asserted (or is likely to be asserted) by the Guarantor or the Controlled Subsidiaries with respect to the Intellectual Property Rights nor has the Guarantor or any Controlled Subsidiary issued, filed or made (or is likely to issue, file or make) any notice, complaint, threat or claim against a third party alleging infringement of any of the Intellectual Property Rights or other right of the Guarantor or a Controlled Subsidiary by such third party.
- (xv) No proceeding, opposition, office action or claim has been asserted (or is likely to be asserted) by the Guarantor or a Controlled Subsidiary challenging or questioning the ownership, validity, enforceability or right to use any Intellectual Property of a third party, or in respect of any registration or application for registration in respect thereof.
- (xvi) The Guarantor and the Controlled Subsidiaries have undertaken and maintained, and continue to undertake and maintain, all necessary and reasonable security measures to protect the secrecy, confidentiality, and value of the Intellectual Property Rights, including without limitation all proprietary, technical, or confidential information related thereto, and all proprietary, technical, or confidential information of any third party provided to them in confidence by a third party and neither the Guarantor nor any of its subsidiaries has breached any agreements or obligations of non-disclosure, non-use or confidentiality in respect thereof.
- (xvii) Each current and former employee, consultant and independent contractor of the Guarantor and the Controlled Subsidiaries has entered into and executed a valid and binding confidentiality agreement and a valid and binding intellectual property assignment (or an employment or consulting agreement): (i) obligating such employee, consultant or independent contractor to maintain the confidentiality of the Guarantor or the Controlled Subsidiaries' confidential information and (ii) effecting the valid and binding assignment to the Guarantor or the Controlled Subsidiaries of all inventions or other the Intellectual Property Rights made in the course of such employee, consultant or contractor's engagement with the Guarantor or any of its subsidiaries.
- (xviii) All of the persons who either alone or in concert with others, developed, invented, improved, adapted, conceived, created, discovered, derived, reduced to practice, authored, programmed, designed, modified, updated, corrected or maintained any element or combination of elements in the Intellectual Property Rights are:
  - 1. employees or former employees of the Guarantor, all of whose work or access with respect to any of the Intellectual Property Rights occurred within the scope and in the regular course of their employment, on the business premises of the Guarantor or the

Controlled Subsidiaries, and using only the equipment of the Guarantor or the Controlled Subsidiaries; or

2. independent contractors or former independent contractors of the Guarantor, all of whom have executed valid and binding written assignments of any and all rights they may have in any element or combination of elements in Intellectual Property Rights created during the course of their work for the Guarantor or any of the Controlled Subsidiaries.

- (xix) Waivers of all moral rights and all other similar rights with respect to association with, modification or integrity in a work, whether arising under copyright legislation or otherwise, in favor of the Guarantor or the Controlled Subsidiaries have been obtained from each independent contractor, employee, or other entity who participated in or contributed to the development, invention, improvement, adaptation, conception, creation, discovery, derivation, reduction to practice, authoring, programming, designing, modification, updating, correcting or maintenance of any element or combination of elements of the Intellectual Property Rights.

5. **Covenants.** The Lessee covenants and agrees with the Lessor that:

- (a) **Further Documentation.** The Lessee and the Guarantor will from time to time, at the expense of the Lessee, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Lessor may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests). The Lessee and the Guarantor acknowledge that this Agreement has been prepared based on the existing laws in the Province referred to in the "Governing Law" section of this Agreement and that a change in such laws, or the laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Lessee and the Guarantor agree that the Lessor will have the right to require that this Agreement be amended, supplemented, restated or replaced, and that the Lessee and the Guarantor will immediately on request by the Agent authorize, execute and deliver any such amendment, supplement, restatement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Lessee or the Guarantor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Lessor Liens similar to, and having the same effect as, the Security Interests.

- (b) Maintenance of Collateral. The Guarantor shall maintain in good standing all registrations and applications with respect to the Intellectual Property Rights except to the extent that any failure to do so could not reasonably be expected to be materially adverse to the Guarantor.
- (c) Agreements re Intellectual Property Rights. Promptly upon request from time to time by the Lessor, the Guarantor shall authorize, execute and deliver any and all agreements, instruments, documents and papers that the Lessor may request to evidence the Security Interests in any Intellectual Property Rights and, where applicable, the goodwill of the business of the Guarantor connected with the use of, and symbolized by, any such Intellectual Property Rights.
- (d) Consents. The Lessee and the Guarantor will ensure that any and all consents required with respect to this Agreement and the Security Interests remain in full force and effect.
- (e) Performance. The Lessee will duly and punctually observe and perform all of the obligations, duties and liabilities imposed on it under or in connection with the Lessee Collateral, and the Guarantor will duly and punctually observe and perform all of the obligations, duties and liabilities imposed on it under or in connection with the Guarantor Collateral.
- (f) Enforcement. The Lessee will take all necessary steps to ensure that each other Person party thereto duly and punctually observes and performs all of the obligations, duties and liabilities imposed on it under or in connection to the Lessee Collateral, and the Guarantor will take all necessary steps to ensure that each other Person party thereto duly and punctually observes and performs all of the obligations, duties and liabilities imposed on it under or in connection to the Guarantor Collateral.
- (g) Preservation. The Lessee will keep the Warranties, Insurance and the Permits in full force and effect and preserve and take all necessary steps to protect the interests of the Lessee in the Lessee Collateral, and the Guarantor will keep the Intellectual Property Rights in full force and effect and preserve and take all necessary steps to protect the interests of the Guarantor in the Guarantor Collateral.
- (h) Litigation. The Lessee and Guarantor will promptly notify the Lessor of any litigation, arbitration or administrative proceeding with respect to any of the Collateral.
- (i) Disposition. Neither the Lessee nor the Guarantor will sell, assign or otherwise dispose of any of the Collateral or any right, title or interest of the Lessee therein.
- (j) Amendments. Neither the Lessee nor the Guarantor will amend, modify or waive any provision of or in connection with the Collateral.

- (k) Termination. Neither the Lessee nor the Guarantor will cancel, suspend, terminate, rescind or accept any repudiation of or in connection with the Collateral.
  - (l) Assignment. Neither the Lessee nor the Guarantor will consent to any sale, assignment or other disposition of any of the Collateral or any right, title or interest therein by any Person party thereto.
  - (m) Default Notification. The Lessee and Guarantor will promptly notify the Lessor of any (i) default under or in connection to the Collateral; (ii) any cancellation, suspension, termination, rescission or repudiation by any Person party to any of the Collateral; or (iii) any event (including any force majeure) which may lead to or cause any of the Collateral to be cancelled, suspended, terminated, rescinded, repudiated or frustrated.
6. **Right to Perform.** In the event that the Lessee or the Guarantor should breach or fail to perform any obligation, duty or liability under the Agreement in connection with the Collateral, the Lessor shall have the right, but not the obligation, and without releasing the Lessee or the Guarantor from any obligation hereunder, to cure such breach or non-performance in such manner and to such extent as the Lessor may deem necessary. All reasonable costs and expenses incurred by the Lessor in exercising its rights under this Section shall be paid by the Lessee to the Lessor forthwith following demand therefor, and any such exercise shall not release the Lessee and the Guarantor from any of their obligations hereunder.
7. **Rights on Event of Default.** If an Event of Default of Lessee has occurred and is continuing, then the Lessor, in addition to any rights now or hereafter existing under Applicable Law, may at such time or times as the Lessor in its discretion may determine, do any one or more of the following:
- (a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Lessor by contract, at law or in equity.
  - (b) Dealing with the Collateral.
    - (i) enforce, assign, transfer, require continued performance under or otherwise deal with the Collateral, upon such terms and conditions and at such time or times as may seem advisable to the Lessor;
    - (ii) renew, amend or otherwise deal with the Collateral (including the authority to demand, sue for, recover, receive and give receipts for all services and goods to be provided or payments made under the Collateral or any one or more of them and to give consents or waivers with respect to, or otherwise enter into agreements, understandings or arrangements respecting, the Collateral or any one or more of them);

- (iii) exercise any of the rights, entitlements, privileges, authorities, powers, benefits, licenses, advantages, authorities and discretions which, in connection with the terms of the Collateral, could be exercised by the Lessee;
- (iv) perform, at the Lessee's expense, any and all obligations or covenants of the Lessee in connection with the Collateral or any of them or in respect thereof and enforce performance by the parties thereto of their obligations, covenants and agreements thereunder; and
- (v) otherwise deal with the Collateral or any of them to the same extent as the Lessee could do,

the whole without any liability or responsibility of any kind on the part of the Lessor. The Lessor may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by Applicable Law) to or on the Lessee or any other Person, and the Lessee hereby waives each such demand, presentment, protest, advertisement and notice to the extent permitted by Applicable Law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. The Lessee acknowledges and agrees that any action taken by the Lessor hereunder following the occurrence and during the continuance of an Event of Default shall not be rendered invalid or ineffective as a result of the curing of the Event of Default on which such action was based.

8. **Grant of Licence.** For the purpose of enabling the Lessor to exercise its rights and remedies under this Agreement when the Lessor is entitled to exercise such rights and remedies, and for no other purpose, the Guarantor grants to the Lessor an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Lessee) to use, assign or sublicense any or all of the Intellectual Property Rights, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same. For any trade-marks, get-up and trade dress and other business indicia, such licence includes an obligation on the part of the Lessor to maintain the standards of quality maintained by the Lessee or, in the case of trade-marks, get-up and trade dress or other business indicia licensed to the Lessor, the standards of quality imposed upon the Lessor by the relevant licence. For copyright works, such licence shall include the benefit of any waivers of moral rights and similar rights.
9. **Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

10. **Rights of Lessor; Limitations on Lessor's Obligations.**

- (a) Limitations on Liability of Lessor. The Lessor will not be liable to the Lessee or Guarantor or any other Person for any failure or delay in exercising any of the rights of the Lessor under this Agreement.
- (b) The Lessee and the Guarantor Remains Liable in Connection with the Collateral. Notwithstanding any provision of this Agreement, the Lessee and the Guarantor will remain liable under and in connection with the Collateral to observe and perform all the conditions and obligations to be observed and performed by the Lessee and the Guarantor thereunder, all in accordance with the terms of the Collateral. The Lessor will not have any obligation or liability under any or in connection with the Collateral by reason of or arising out of this Agreement or the receipt by the Lessor of any payment relating to such Collateral pursuant hereto, and in particular (but without limitation), the Lessor will not be obligated in any manner to perform any of the obligations of the Lessee or the Guarantor under or pursuant to any Collateral.
- (c) Collections on Collateral. The Lessee and the Guarantor shall be authorized to, at any time that an Event of Default is not continuing, collect its payments in connection with the Collateral in the normal course of the business of the Lessee and the Guarantor and for the purpose of carrying on the same.

11. **Dealings by Lessor.** The Lessor will not be obliged to exhaust its recourse against the Lessee, the Guarantor or any other Person or against any other security it may hold in respect of the Secured Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as the Lessor may consider desirable. The Lessor may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Lessee, the Guarantor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Lessor may see fit, all without prejudice to the Secured Liabilities or to the rights and remedies of the Lessor under this Agreement. The powers conferred on the Lessor under this Agreement are solely to protect the interests of the Lessor in the Collateral and will not impose any duty upon the Lessor to exercise any such powers.

12. **Alteration or Waiver.** None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Lessor. The Lessor will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Lessor, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Lessor of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Lessor would otherwise have on any future occasion. Neither the taking of any judgement nor the exercise of any power of seizure or sale will extinguish the liability of

the Lessee to pay the Secured Liabilities, nor will the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation.

13. **Governing Law; Attornment.** This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario. Without prejudice to the ability of the Lessor to enforce this Agreement in any other proper jurisdiction, the Lessee irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by Applicable Law, the Lessee irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of such Province.
14. **Successors and Assigns.** This Agreement will enure to the benefit of, and be binding on, the Lessee and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Lessor and its successors and assigns. The Lessee may not assign this Agreement, or any of its rights or obligations under this Agreement.
15. **Notices; Electronic Signature.** Any notice or other communication required or permitted to be given under this Agreement will be made in accordance with the terms of the Sale Agreement. Delivery of an executed signature page to this Agreement by the Lessee by facsimile or other electronic form of transmission shall be as effective as delivery by the Lessee of a manually executed copy of this Agreement by the Lessee.


*[signatures on the next following page]*



**TO EVIDENCE THE FOREGOING**, the undersigned has duly executed this Agreement as of the date shown on the first page of this Agreement.

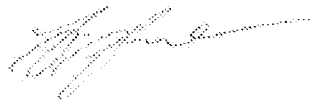
**PLASCO TRAIL ROAD INC.**

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
E-mail: \_\_\_\_\_

By:   
Name: Roderick M. Bryden  
Title: President

**PLASCO ENERGY GROUP INC.**

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
E-mail: \_\_\_\_\_

By:   
Name: Tim Sanders  
Title: CFO

*Signature Page to Assignment Of Intellectual Property And Income From  
The Assets, Insurance Proceeds And Warranties*

## SCHEDULE A

### **INTELLECTUAL PROPERTY OF GUARANTOR APPLIED FOR AND REGISTERED IN CANADA AND THE US**

#### **Registered trade-marks:**

<i>Country</i>	<i>Trade-mark</i>	<i>Application No.</i>	<i>Application Date</i>	<i>Registration No.</i>	<i>Registration Date</i>	<i>Licensed to or by Debtor</i>
Canada	PGP System			761508		[Y/N] <sup>1</sup>
Canada	PLASCO			744813		
Canada	PLASCOSYNGAS			761522		
Canada	CIRCLE Design			765172		
Canada	PLASCOENERGY			761611		
US	PLASCO			3892277		
US	PLASCOSYNGAS			3849266		
US	CIRCLE Design			3884644		
US	PLASCOENERGY			3884636		

#### **Patents and patent applications:**

<i>Country</i>	<i>Title</i>	<i>Patent No. / Appl. No.</i>	<i>Filing Date</i>	<i>Date of Grant</i>	<i>Licensed to or by Debtor</i>
Canada	A Gas Reformulation System Comprising Means To Optimize The Effectiveness Of Gas Conversion	2694243	May 12, 2008	Pending (Allowed)	[Y/N]
Canada	Municipal Solid Waste Disposal Process	2076199	August 14, 1992	Issued (November 9, 2004)	
Canada	A Horizontally-Oriented Gasifier With Lateral Transfer System	2651352	May 7, 2007	Pending	
Canada	A Gasifier Comprising One Or More Fluid Conduits	2731115	July 17, 2008	Pending	
Canada	A System Comprising The Gasification Of Fossil Fuels To Process Unconventional Oil Sources	2723792	May 12, 2008	Pending	
Canada	A Low Temperature Gasification Facility With A Horizontally Oriented Gasifier	2714911	May 7, 2007	Pending	
Canada	A Multi-Zone Carbon Conversion System With Plasma Melting	2716913	February 27, 2008	Pending	
Canada	Gasification System With Processed Feedstock/Char Conversion And Gas Reformulation	2716912	February 27, 2008	Pending	
Canada	A Residue Conditioning System	2703808	May 31, 2007	Pending	
Canada	A Heat Recycling System For Use With A Gasifier	2652287	May 7, 2007	Pending	

<sup>1</sup> If the answer to this or any corresponding column is "yes", describe the particulars of each such licence.

Canada	A Gasifier Comprising Vertically Successive Processing Regions	2654367	June 5, 2007	Pending	
Canada	A Gasification Facility With A Horizontal Gasifier And A Plasma Reformer	2651449	May 7, 2007	Issued (January 4, 2011)	
Canada	A Gas Conditioning System	2651406	May 7, 2007	Pending	
Canada	A Control System For The Conversion Of A Carbonaceous Feedstock Into Gas	2651338	May 7, 2007	Pending	
Canada	A Gas Homogenization System	2651337	May 7, 2007	Pending	
Canada	A Gas Reformulating System Using Plasma Torch Heat	2651335	May 7, 2007	Pending	
Canada	A System For The Conversion Of Coal To A Gas Of A Specified Composition	2610808	June 5, 2006	Pending	
Canada	A System For The Conversion Of Carbonaceous Feedstocks To A Gas Of A Specified Composition	2610806	June 5, 2006	Pending	
Canada	Multiple Plasma Generator Hazardous Waste Processing System	2515911	February 10, 2004	Pending	
Canada	Plant For Gasification Of Waste	2184653	September 4, 1996	Issued (April 12, 2011)	
Canada	A Lateral Transfer System ( <u>National Phase Application Based On PCT Application No. PCT/CA2011/050124</u> )	Not yet available	March 1, 2011	Pending	
Canada	Carbon Conversion System With Integrated Processing Zones ( <u>National Phase Application Based On PCT Application No. PCT/CA2011/050123</u> )	Not yet available	March 1, 2011	Pending	
US	Gasifier Comprising Vertically Successive Processing Regions	12/968,164	December 14, 2010	Pending	
US	Multi-Zone Carbon Conversion System With Plasma Melting	12/919,729	February 27, 2008	Pending	
US	Gasification System With Processed Feedstock/Char Conversion And Gas Reformulation	12/919,829	February 27, 2008	Pending	
US	Gasifier Comprising One Or More Fluid Conduits	12/669,431	July 17, 2008	Pending	
US	Gas Reformulation System Comprising Means To Optimize The Effectiveness Of Gas Conversion	12/119,413	May 12, 2008	Pending	
US	Municipal Solid Waste Disposal Process	5,280,757	August 13, 1992	Issued (January 25, 1994)	
US	A Lateral Transfer System	13/263,330	March 1, 2011	Pending	
US	Carbon Conversion System With Integrated Processing Zones ( <u>National Phase Application Based On PCT Application No. PCT/CA2011/050123</u> )	13/263,326	March 1, 2011	Pending	
US	A System Comprising The Gasification Of Fossil Fuels To Process Unconventional Oil Sources	12/119,307	May 12, 2008	Pending	
US	System For The Conversion Of Coal To A Gas Of Specified Composition	11/916,381	June 5, 2006	Pending*	
US	Gasifier Comprising Vertically Successive Processing Regions	20070289216		Pending	

US	A System For The Conversion Of Carbonaceous Feedstocks To A Gas Of A Specified Composition	13/235,665	September 19, 2011	Pending	
US	Gas Homogenization System	11/745,400	May 7, 2007	Pending	
US	Gas Reformulating System Using Plasma Torch Heat	11/745,414	May 7, 2007	Pending	
US	A Gas Conditioning System	12/785,219	May 21, 2010	Pending (Allowed)	
US	Horizontally-Oriented Gasifier With Lateral Transfer System	11/745,427	May 7, 2007	Pending	
US	A Heat Recycling System For Use With A Gasifier	11/745,431	May 7, 2007	Pending	
US	A Low Temperature Gasification Facility With A Horizontally Oriented Gasifier	11/745,438	May 7, 2007	Pending	
US	A Control System For The Conversion Of Carbonaceous Feedstock Into Gas	11/745,435	May 7, 2007	Pending	
US	Plant For Gasification Of Waste	6,155,182	April 7, 1999	Issued (December 5, 2000)	
US	Multiple Plasma Generator Hazardous Waste Processing System	6,817,388	February 11, 2004	Issued (November 16, 2004)	
US	A Cold Plasma Gas Reformulating System	61/485,499	May 12, 2011	Provisional Application	
US	Ash Handling System and Method of Operating Same	61/505,337	July 7, 2011	Provisional Application	

**Copyright registrations and applications for copyright registrations:**

<i>Country</i>	<i>Work</i>	<i>Application No.</i>	<i>Application Date</i>	<i>Registration No.</i>	<i>Licensed to or by Debtor</i>
					[Y/N]

**Industrial designs/registered designs and applications for registered designs:**

<i>Country</i>	<i>Design</i>	<i>Application No.</i>	<i>Application Date</i>	<i>Registration No.</i>	<i>Issue Date</i>	<i>Licensed to or by Debtor</i>
						[Y/N]