

RECORDATION FORM COVER SHEET
PATENTS ONLY

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

1. Name of conveying party(ies)

Advanced Lubrication Technology, Inc.
30851 Agoura Road
Suite 305
Agoura Hills, CA 91301

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

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

Execution Date(s) 7-31-2009

- ☐ 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: Charles Foscue, Notes Collateral Agent for Secured Party

Internal Address: _____

Street Address: 30851 Agoura Road

Suite 305

City: Agoura Hills

State: California

Country: USA Zip: 91301

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

4. Application or patent number(s):

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

A. Patent Application No.(s)

11/456520
12/504727

B. Patent No.(s)

5431830 5840132 6025306 6783561 6368369B1
7419515B2 6645262B1 7598210B2 7972393B2 7547330B2

Additional numbers attached? ☐ Yes ☒ No

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

Name: CT Lien Solutions

Internal Address: _____

Street Address: 187 Wolf Rd Ste 101

City: Albany

State: NY Zip: 12205

Phone Number: 800-342-3676

Fax Number: 800-962-7049

Email Address: _____

6. Total number of applications and patents involved: 12

7. Total fee (37 CFR 1.21(h) & 3.41) \$ 480-

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

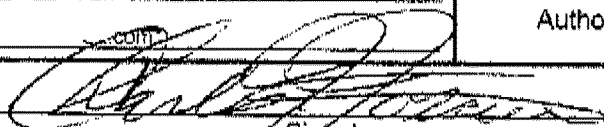
8. Payment Information

a. Credit Card Last 4 Numbers 1640
Expiration Date 10/13

b. Deposit Account Number _____

Authorized User Name _____

9. Signature:



Signature

June 17, 2012

Date

Charles T. Foscue
Name of Person Signing

Total number of pages including cover sheet, attachments, and documents: 8

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

OP \$240.00 1145652

ADVANCED LUBRICATION TECHNOLOGY, INC.

SECURITY AGREEMENT ACCOMPANYING SENIOR SECURED 10% CONVERTIBLE PROMISSORY NOTE INVESTMENTS IN JULY 09, 2009 SENIOR SECURED CONVERTIBLE NOTE OFFERING

SECURITY AGREEMENT

July 31, 2009, Agoura Hills, CA

The undersigned, Advanced Lubrication Technology, Inc., a North Carolina Corporation with offices at 30851 West Agoura Road, Suite 305, Agoura Hills, CA 91301 ("Grantor"), in accordance with the terms and conditions of its **JULY 09, 2009 SENIOR SECURED CONVERTIBLE NOTE OFFERING** (the "Offering") and the specific security interest provided for in the promissory notes issued by Grantor pursuant to with investment(s) in the Offering (the "Secured Obligations") and as specifically provided for in the **SECURITY AGREEMENTS** dated July 31, 2009 does hereby grant to the following holders of the Secured Obligations (the "Holders"): (i) Charles T. Foscue, an individual resident residing at 31640 Saddletree Drive, Westlake Village, CA, 91361; (ii) Trent River Capital, LLC., a California limited liability corporation with offices at 30851 West Agoura Road, Suite 305, Agoura Hills, CA 91301; and (iii) La Querencia Partners, a California partnership whose mailing address is 3090 Calzada Ridge Road, Santa Ynez, CA 93460, (and to such Holders' designated agent (the "Notes Collateral Agent"); hereinafter, collectively, the ("Secured Party"), its successors and assigns, for the benefit of the Holders), a secured interest (the "Security Interest") in all right, title or interest in or to any and all of the following assets and properties now owned or at any time hereafter acquired by Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral.") as more fully described hereinafter. This Agreement is effective as of July 31, 2009 between the Grantor and the Secured Party relative to and in proportion to the secured investments in the Offering as provided for in the attached "Schedule A."

1. **COLLATERAL.**

1.1 **Copyright Licenses.** Copyright Licenses, including any written agreement, now or hereafter in effect, granting any right to any third party under any copyright now or hereafter owned by Grantor or that Grantor otherwise has the right to license, or granting any right to Grantor under any copyright now or hereafter owned by any third party, and all rights of Grantor under any such agreement.

1.2 **Copyrights.** Copyrights and related property to include all of the following now owned or hereafter acquired by Grantor: (a) all copyright rights in any work subject to the copyright laws of the United States or any other country, whether as author, assignee, transferee or otherwise, and (b) all registrations and applications for registration of any such copyright in the United States or any other country, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office.

1.2 Intellectual Property. Intellectual Property including all intellectual and similar property of every kind and nature now owned or hereafter acquired by Grantor, including inventions, designs, Patents, Copyrights, Licenses, Trademarks, trade secrets, confidential or proprietary technical and business information, know-how, show-how or other data or information, the intellectual property rights in software and databases and related documentation, and all additions, improvements and accessions to, and books and records describing any of the foregoing.

1.3 Patent Licenses. All patent licenses, including any written agreement, now or hereafter in effect, granting to any third party any right to make, use or sell any invention on which a patent, now or hereafter owned by Grantor or that Grantor otherwise has the right to license, is in existence, or granting to Grantor any right to make, use or sell any invention on which a patent, now or hereafter owned by any third party, is in existence, and all rights of Grantor under any such agreement.

1.4 Patents. All patent related property including all of the following now owned or hereafter acquired by Grantor: (a) all letters patent of the United States or the equivalent thereof in any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or the equivalent thereof in any other country, including registrations, recordings and pending applications in the United States Patent and Trademark Office or any similar offices in any other country, and (b) all reissues, continuations, divisions, continuations-in-part, renewals or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein.

1.5 Trademark Licenses. All trademark licenses to include any written agreement, now or hereafter in effect, granting to any third party any right to use any trademark now or hereafter owned by Grantor or that Grantor otherwise has the right to license, or granting to Grantor any right to use any trademark now or hereafter owned by any third party, and all rights of Grantor under any such agreement.

1.6 Trademarks. All trademarks including all of the following now owned or hereafter acquired by Grantor: (a) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office or any similar offices in any State of the United States or any other country or any political subdivision thereof, and all extensions or renewals thereof, (b) all goodwill connected with the use of and symbolized thereby and (c) all other assets, rights and interests that uniquely reflect or embody such goodwill.

1.7 Property. All personal property, including all furniture, fixtures and equipment owned by Grantor. Personal property shall include all desks, chairs, filing cabinets, computers, electronic office equipment, written records of Grantor, pumps, piping, motors, reactors, blenders, racks, scaffolding, fork lifts or other equipment used in the transfer of raw materials, work in progress or finished product, laboratory equipment,

product samples, manufacturing run samples, microscopes, measuring devices, heating/cooling equipment, and all such other items of personal property in any premises of the Grantor that is not specifically part of the leasehold real property. Grantor's raw material inventory, product bill of materials inventory, and product inventory shall be considered collateral property except that Grantor has the right to dispose of any damaged or unusable inventory after obtaining reasonable verification of the condition of such inventory. Grantor has the right to convert raw materials inventory and bill of materials inventory into product inventory in the normal course of business and to transfer product inventory to via sale, promotion of otherwise customers, distributors or sales agents as it would do in the normal course of business. Grantor's cash in all accounts shall serve as collateral under the Agreement; however, Grantor has the right to transfer and disperse funds as it would do in the normal course of business.

2. **RIGHTS AND AUTHORITIES OF NOTE COLLATERAL AGENT.** Grantor hereby irrevocably authorizes the Notes Collateral Agent for the benefit of the Secured Parties at any time and from time to time to file in any relevant jurisdiction any initial financing statements with respect to the Collateral or any part thereof and amendments thereto that contain the information required by Article 9 of the Uniform Commercial Code or the analogous legislation of each applicable jurisdiction for the filing of any financing statement or amendment including any organizational identification number issued to such Grantor. Grantor agrees to provide such information to the Notes Collateral Agent promptly upon request.

The Notes Collateral Agent is further authorized to file with the United States Patent and Trademark Office or United States Copyright Office (or any successor office or any similar office in any other country) such documents as may be necessary or advisable for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest granted by Grantor, without the signature of Grantor, and naming Grantor as debtors and the Notes Collateral Agent and/or Holder as the secured party.

3. **LIMITATION OF LIABILITY AND PERFECTION OF SECURITY INTEREST.** The Security Interest is granted as security only and shall not subject the Notes Collateral Agent or any Secured Party to, or in any way alter or modify, any obligation or liability of any Grantor with respect to or arising out of the Collateral.

The Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations prepared by the Notes Collateral Agent based upon the information provided to the Notes Collateral Agent by Grantor for filing in each governmental, municipal or other office are all the filings, recordings and registrations (other than filings required to be made in the United States Patent and Trademark Office and the United States Copyright Office in order to perfect the Security Interest in Collateral consisting of United States Patents, Trademarks and Copyrights) that are necessary to establish a valid and perfected security interest in favor of the Notes Collateral Agent (for the benefit of the Secured Parties) in respect of all Collateral in which the Security Interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, and no further or subsequent filing, refile, recording, rerecording, registration or reregistration is necessary in any such jurisdiction, except as provided under applicable law with respect to the filing of continuation statements.

Grantor shall, at its own expense, take any and all commercially reasonable actions necessary to defend title to the Collateral against all persons or parties and to defend the Security Interest of the Notes Collateral Agent in the Collateral and the priority thereof against any Lien not expressly permitted by the Secured Party.

4. **COVENANTS. Grantor hereby warrants and covenants:**

4.1 The Parties intend that the personal property collateral is and will at all times remain personal property despite the fact that and irrespective of the manner in which it is attached to realty.

4.2 The Grantor will not sell, dispose, or otherwise transfer the collateral or any interest therein without the prior written consent of the Secured Party, and the Grantor shall keep the collateral free from unpaid charges (including rent), taxes, and liens.

4.3 The Grantor shall execute alone or with the Secured Party any Financing Statement or other document or procure any document, and pay the cost of filing the same in all public offices wherever filing is deemed by the Secured Party or Notes Collateral Agent to be necessary.

4.4 Grantor shall maintain insurance at all times with respect to all collateral against risks of fire, theft, and other such risks and in such amounts as the Secured Party may require. The policies shall be payable to both the Secured Party and the Grantor as their interests appear and shall provide for ten (10) days' written notice of cancellation to the Secured Party.

4.5 The Grantor shall make all repairs, replacements, additions, and improvements necessary to maintain any equipment in good working order and condition. At its option, the Secured Party may discharge taxes, liens, or other encumbrances at any time levied or placed on the collateral, may pay rent or insurance due on the collateral, and may pay for the maintenance and preservation of the collateral. Grantor agrees to reimburse the Secured Party on demand for any payment made or any expense incurred by the Secured Party pursuant to the foregoing authorization.

5. **SECURED OBLIGATION.**

Grantor acknowledges and agrees that the amount of the Secured Party's Secured Obligation as of the date of this Agreement is One Million Seven Hundred Six Thousand Four Hundred Fifty Two and 23/100's Dollars (\$1,706,452.23) as represented by the Schedule of investments in the Offering attached hereto as "Schedule A." In the event that the Secured Party makes additional investments in the Offering, the Parties may comply with the required security interest provided for in the Offering by amending this Agreement by attaching a schedule of the investments that identifies the Senior Secured Promissory Note number, date of the investment and amount of the additional Secured Obligation under the Offering. Acceptance of such additional investment funding in the Offering by the Grantor shall constitute Grantor's agreement to include such additional Secured Obligations within the terms and conditions of this Agreement as if they were a part of the initial Secured Obligation and thus entitled to the same considerations described herein; and, Grantor agrees that the Notes Collateral Agents shall have the same authority to represent the Secured Party for the combined amount as is provided for in "paragraph 2" hereof.

6. DEFAULT.

The Grantor shall be in default under this Agreement if it is in default under the Secured Obligations default provisions and at any time thereafter, the Secured Party may declare all obligations secured hereby immediately due and payable and shall have the remedies of a senior secured lender under the Uniform Commercial Code. The Secured Party may require the Grantor to make the Collateral available to Grantor at a place and time that is mutually convenient. No waiver by Grantor of any default shall operate as a waiver of any other default or of the same default on a future occasion. This Agreement shall inure to the benefit of and bind the heirs, executors, administrators, successors, and assigns of the parties. This Agreement shall have the effect of an instrument under seal.

7. SEVERABILITY.

If any provision of this Agreement is invalid by operation of any law or interpretation placed thereon by any court, this Agreement shall be construed as not containing such provision and all other provisions of this Agreement which are otherwise lawful shall remain in full force and effect, and to this end the provisions of this Agreement are declared to be severable.

8. GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the laws of the State of California as those laws are applied to written contracts between residents of such jurisdiction to be performed within such jurisdiction.

9. FORBEARANCE NOT A WAIVER.

No delay or omission on the part of the Secured Party in exercising any rights under this Agreement, on default by Grantor, shall operate as a waiver of such right or of any other right under this Agreement or other agreements, for the same default or any other default.

10. DESIGNATION OF NOTES COLLATERAL AGENT.

The Holder hereby warrants and represents that it has designated Charles T. Foscoe, an individual residing at 31640 Saddletree Drive, Westlake Village, CA 91361 as the Notes Collateral Agent to represent Holder with regard to this Agreement as Holder may request. Holder and Notes Collateral Agent have agreed that together they shall be considered the Secured Party and the Notes Collateral Agent will at all times act to in the interest of the Secured Party within the terms and conditions set forth in this Agreement.

11. MANNER OF NOTIFICATION.

Any notice to Grantor provided for in this Agreement shall be given by personal delivery or by mailing such notice by first class or certified mail, return receipt requested, addressed to Grantor at the address stated herein, or to such other address as Grantor may designate by written notice to the Secured Party. Any notice to Secured Party shall be given by personal delivery or by mailing such notice by first class or certified mail, return receipt requested, to Secured Party at the address stated in the first paragraph of this Agreement, or at such other address as may have been designated by written notice to Grantor.

10. HEADING: REFERENCES.

All headings used herein are used for convenience only and shall not be used to construe or interpret this Note. Except where otherwise indicated, all references herein to Sections refer to Sections hereof.

Advanced Lubrication Technology, Inc., "Grantor"
a North Carolina Corporation

By: _____

Michael S. Phelps, President

By: _____

Daniel R. Doiron Ph.D.

By: _____

Charles T. Foscue, CEO

Holder, Charles T. Foscue

By: _____

Charles T. Foscue

Holder, La Querencia Partners

By: _____

Daniel R. Doiron, Ph.D., General Partner

Holder, Trent River Capital, LLC.

By: _____

Charles T. Foscue, Manager

Charles T. Foscue, Notes Collateral Agent

By: _____

Charles T. Foscue

Advanced Lubrication Technology, Inc.
 Security Agreement Accompanying
 Senior Secured 10% Convertible Promissory Notes
 Investments In
 July 9, 2009 Senior Secured Convertible Note Offering

Schedule A - Investments through July 31, 2009

Holders								
Trent River Capital, LLC			La Querencia Partners			Charles T. Foscoe		
Note Number	Date	Investment Amount	Note Number	Date	Investment Amount	Note Number	Date	Investment Amount
1	07/31/2009	\$1,142,923.77	2	07/31/2009	\$540,898.93	3	07/31/2009	\$22,629.53
Total Secured Indebtedness pursuant to Offering:					\$1,706,452.23			