

09/04/2013

Form PTO-1595 (Rev. OMB No. 0651-0027)



103661614

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.

MRB 09/04/13

1. Name of conveying party(ies)
Barry LaCroix
Additional name(s) of conveying party(ies) attached? [ ] Yes [X] No

2. Name and address of receiving party(ies)
Name: Kelso Technologies, Inc.
Internal Address:

3. Nature of conveyance/Execution Date(s):
Execution Date(s) March 13, 2013
[X] Assignment [ ] Merger
[ ] Security Agreement [ ] Change of Name
[ ] Joint Research Agreement
[ ] Government Interest Assignment
[ ] Executive Order 9424, Confirmatory License
[ ] Other

Street Address: 7773-118A Street
City: Delta
State: British Columbia
Country: Canada Zip:
Additional name(s) & address(es) attached? [ ] Yes [X] No

4. Application or patent number(s):
A. Patent Application No.(s)
13/986,765
Additional numbers attached? [ ] Yes [X] No

[ ] This document serves as an Oath/Declaration (37 CFR 1.63).
B. Patent No.(s)

5. Name and address to whom correspondence concerning document should be mailed:
Name: Adrienne B. Naumann, Esq.
Internal Address:
Street Address: 8210 Tripp
City: Skokie
State: Illinois Zip: 60076
Phone Number: 847-329-8185
Docket Number:
Email Address: adriennebnaumann@uchidago.edu

6. Total number of applications and patents involved: one
7. Total fee (37 CFR 1.21(h) & 3.41) \$40.00
[ ] Authorized to be charged to deposit account
[X] Enclosed
[ ] None required (government interest not affecting title)

8. Payment Information
Deposit Account Number
Authorized User Name
FC:8821 40.00 OP

9. Signature: Adrienne B. Naumann
Signature

Date 8-26-2013

Adrienne B. Naumann Name of Person Signing
Total number of pages including cover sheet, attachments, and documents: 9

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



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



## AGREEMENT

This Agreement is between Kelso Technologies Inc. 7773-118A Street, Delta, British Columbia, Canada V4C 6V1, a Canadian public corporation [hereinafter referred to as "Kelso"], and Barry LaCroix, a natural person residing at 491 Murray Drive, Corunna, Ontario, Canada, N0N 1G0 [hereinafter referred to as "Engineer"]

### RECITALS

- A. Whereas Kelso requires structural design for an improved rail car bottom outlet valve package which includes the valve, operating mechanism and external accessories to facilitate use of the bottom outlet valve [hereinafter 'the Product']; and
- B. Whereas Engineer is engaged in design of mechanical components and resides at 491 Murray Drive, Corunna, Ontario, Canada, N0N 1G0; and
- C. Whereas Engineer has agreed to create and transfer technical information and know-how to Kelso for the development of the Product; and
- D. Whereas Kelso may disclose confidential and proprietary information to Engineer.

THEREFORE, in consideration of mutual covenants and other valuable consideration Kelso and Engineer agree as follows:

### Definition of the Product

As used in this Agreement, the term "Product" includes all the design and structure of an improved rail car bottom outlet valve package, as well as associated structural components and design.

### Engineer's Services

1. Engineer will provide to Kelso with, although not exclusively, written specifications, technical drawings, designs and other necessary technical information for testing, production and intellectual property protection of the Product.
2. Engineer shall devote such time under this Agreement as is reasonably necessary for a satisfactory development of the Product. Should Kelso require additional services not included in this Agreement, Engineer shall make a reasonable effort to provide such additional services
3. Engineer's specifications may designate work to be done, materials to be used and construction methods for prototypes based upon Engineer's drawings and other work related to the Product.
4. Engineer agrees that time is of the essence in performance of Engineer's services to Kelso under this Agreement. Engineer will provide services for development of the Product within a reasonable time after receipt of requests from Kelso.

### Engineer's Compensation and Assistance

1. In consideration for services of Engineer, Kelso shall pay Engineer a royalty of 1.5% of net sales on a quarterly basis. The royalty will be paid for the duration of the patent. The Engineer is compensated by Kelso for work done under this agreement in addition to the royalty.

*MLB  
BL*

2. Engineer's costs for development of the Product will be reimbursed by Kelso upon proper documentation.

3. Kelso will provide assistance to Engineer for development of the Product if Engineer so requests.

#### Ownership

1. Confidential Information includes, but not exclusively: proprietary information, trade secrets, technology, know-how, prototypes, in-person discussions, on-site visits and inspections, oral and visual observations, and other oral and electronic communications between Engineer and Kelso relating to the Product. Confidential Information also includes, but is not limited to, the Product under consideration, in production, or under development.

2. Engineer agrees that:

- (i) any and all intellectual property and tangible subject matter including, but not limited to, ideas, concepts, themes, prototypes, drawings, documents, literature, reports, illustrations, and
- (ii) conceived developed, written or otherwise contributed by Engineer under this Agreement, shall be owned exclusively by Kelso.

3. Engineer shall not contest Kelso's rights to the Product, including the exclusive right to file and prosecute patent applications for the Product worldwide, to exclusively implement other intellectual property protection for the Product worldwide, and to enforce rights to the Product worldwide.

4. Kelso owns all design of the Product created by either Kelso or Engineer, including but not limited to, all plans, specifications, prototypes and other documentary and electronic representations of Products. Kelso owns all the Product modifications and related processes developed under this Agreement by Engineer or by Engineer's authorized collaboration with third persons.

#### Nondisclosure

1. Engineer may receive Confidential Information from Kelso, in addition to Confidential Information created for Kelso by Engineer, under this Agreement. Engineer agrees to use all reasonable and prudent precautions to ensure that all such Confidential Information is properly kept from disclosure to unauthorized persons. Engineer also agrees to refrain directly or indirectly from utilizing such Confidential Information in Engineer's own business.

2. Engineer further agrees that, although not exclusively, all information, conclusions, models, prototypes, recommendations, reports, technical descriptions, advise or other documents created under this Agreement or related to this Agreement, are confidential whether they originated from Engineer or Kelso.

3. Engineer promises that Engineer shall not disclose any Confidential Information to any other person unless specifically authorized in writing by Kelso to do so.

4. Engineer agrees that copies of Confidential Information may not be made without the express written permission of Kelso, and that all copies shall be returned to Kelso along with originals, except for Engineer's file copies.



5. Engineer will not use, authorize or permit the disclosure of the Product, or any related information, models, prototypes and drawings, to others except on a need to know basis and after authorization by Kelso.

6. Engineer shall convey confidentiality requirements of this Agreement to any person or entity to whom Confidential Information shall be disclosed and obtain, prior to disclosure and after authorization by Kelso, each such person's or entity's consent to be bound by these confidentiality requirements.

7. Engineer's obligations with respect to Engineer's Confidential Information created on Kelso's behalf as well as Kelso's Confidential Information, survive any expiration, termination or cancellation of this Agreement and shall continue to bind Engineer as well as Engineer's successors, heirs, legal representatives, employees, contractors and assigns.

8. Engineer agrees that all information relating to the Product comprises an exceptionally valuable trade secret of Kelso, and Engineer will maintain this trade secret status.

9. Notwithstanding the foregoing, Confidential Information shall exclude information which is:
- lawfully known by Engineer prior to receipt from Kelso or by creation by Engineer;
  - generally available to the public at the time of receipt from Kelso or creation by Engineer;
  - proprietary to a person or entity not a party to this Agreement, and that is used with such person's or entity's consent;
  - independently developed; or
  - is otherwise required to be disclosed by law.

#### Non-compete

1. Engineer agrees that sale, unauthorized use or disclosure of Kelso's Confidential Information and trade secrets related to the Product, whether originating from Engineer or Kelso, comprises unfair competition. Engineer promises and agrees to refrain from unfair competition with Kelso.

2. Engineer promises and agrees that during the term of this Agreement and for two years thereafter Engineer shall not participate in any activity relating to the Product.

#### Warranties

1. Engineer warrants and guarantees that Engineer's development of the Product will not knowingly infringe the intellectual property rights of third parties.

2. Engineer warrants and guarantees that Engineer's development of the Product is not derived from the work of third parties.

#### Final Decisions and Insurance

- Kelso shall exclusively exercise final decisions for development of the Product.
- Kelso will also provide insurance for development of the Product under this Agreement.

Handwritten signature and initials, possibly "MGB" and "DL", with a large character resembling "子" (zi) written above.

**Remedies**

1. Engineer acknowledges and agrees that Kelso owns all Confidential Information and trade secrets created by both Engineer and Kelso related to the Product, and that any unauthorized disclosure or unauthorized use thereof will cause irreparable harm and loss to Kelso.
2. In the event of violation of this Agreement by Engineer or if violation appears likely, Kelso is entitled to all legal and equitable remedies, including arbitration. Kelso may recover all reasonable costs and attorneys' fees for seeking such remedy
3. Kelso is entitled to a reasonable royalty of any patent or copyright registration that are derived from Kelso's intellectual property including, but not exclusively, trade secrets and Confidential Information relating to the Product under this Agreement.

**Termination**

1. This Agreement shall be effective beginning the date of signature by Engineer and Kelso and shall continue in effect until:
  - (i) the expiration of the patent; or
  - (ii) termination by Kelso of Engineer with thirty days' written notice to the other party.
2. If Engineer and Kelso sign separate but identical copies of this Agreement, then this Agreement is valid and its term commences from and after the most recent date on which this Agreement has been signed and dated by Engineer or Kelso.

**Notice**

Any notices required or permitted by this Agreement, or given in connection with this Agreement, shall be written.

- a. Notices to Kelso shall be personally delivered or addressed by U.S. certified return receipt mail to Kelso's place of business at:

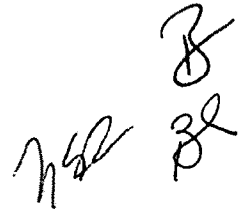
7773-118A Street, Delta, British Columbia, Canada V4C 6V1

- b. Notices to Engineer shall be delivered to, or addressed by U.S. Certified return receipt mail to Engineer's principle place of business at:

491 Murray Drive, Corunna, Ontario, Canada, N0N 1G0

**Legal Representation**

Engineer agrees and understands that the Law Office of Adrienne B. Naumann does not represent Engineer in this Agreement and solely represents Kelso in this Agreement. Engineer agrees and understands that he must obtain his own independent legal representation with respect to this Agreement.

Handwritten initials and signatures in the bottom right corner of the page. There are two sets of initials, one appearing to be 'NSR' and the other 'JR', with a signature above them.

**Other provisions**

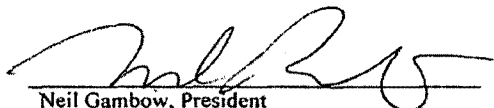
1. This Agreement supersedes any and all other agreements, either oral or in writing, between Engineer and Kelso on the Product under of this Agreement.
2. No services or obligations of this Agreement can be assigned or transferred by Engineer without the prior written consent of Kelso.
3. This Agreement shall bind the heirs, executors, administrators, legal representatives, successors and assigns of Engineer and Kelso.
4. The validity and interpretation of this Agreement are determined by the law of the state of Illinois, including conflict of laws.
5. Venue for arbitration, mediation and litigation is Vancouver, British Columbia, Canada. By signing this Agreement, Engineer and Kelso submit and consent to exclusive personal and subject matter jurisdiction in Vancouver, British Columbia, Canada.
6. This Agreement may only be changed by the mutual agreement of Engineer and Kelso in a written document.
7. Except as expressly provided in this Agreement, waiver by Engineer or Kelso, or failure to claim a violation of any provision of this Agreement shall not be a waiver of any breach or subsequent breach, nor does such failure affect the enforceability of this Agreement.
8. If any provision in this Agreement is found to be invalid, illegal or unenforceable, these findings shall not affect other portions of this Agreement, and which portions are otherwise valid, legal and enforceable.



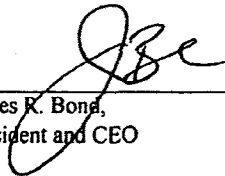
Barry LaCroix

Date: March 13, 2013

**KELSO TECHNOLOGIES INC.**



Neil Gambow, President  
Executive Director



James R. Bond,  
President and CEO

Date: March 13, 2013

