

PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1
Stylesheet Version v1.2

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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST
CONVEYING PARTY DATA	
Name	Execution Date
BUILDDIRECT.COM TECHNOLOGIES	03/31/2016
RECEIVING PARTY DATA	
Name:	PELECANUS INVESTMENTS LTD.
Street Address:	500 - 887 GREAT NORTHERN WAY
City:	VANCOUVER
State/Country:	CANADA
Postal Code:	V5T 4T5
PROPERTY NUMBERS Total: 2	
Property Type	Number
Patent Number:	D536559
Patent Number:	D573271
CORRESPONDENCE DATA	
Fax Number:	(415)442-1001
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>	
Phone:	(415) 442-1000
Email:	linda.lim@morganlewis.com
Correspondent Name:	BRETT A. LOVEJOY
Address Line 1:	ONE MARKET, SPEAR STREET TOWER
Address Line 2:	MORGAN, LEWIS & BOCKIUS LLP
Address Line 4:	SAN FRANCISCO, CALIFORNIA 94105
ATTORNEY DOCKET NUMBER:	000718-5009-US
NAME OF SUBMITTER:	LINDA LIM
SIGNATURE:	/Linda Lim/
DATE SIGNED:	01/31/2017
Total Attachments: 21	
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INTELLECTUAL PROPERTY SECURITY AGREEMENT

The Security Interests created by, and the obligations of the Debtor contained in, this Intellectual Property Security Agreement are subject to the terms of the Subordination, Standstill and Postponement Agreement entered into by the Secured Party with Deans Knight Capital Management Ltd. and the holders of the Notes.

This Intellectual Property Security Agreement dated for reference March 31, 2016 made by **BUILDDIRECT.COM TECHNOLOGIES INC.** (the “Debtor”), a corporation governed by the *Canada Business Corporations Act* having its office at 2200 – 401 West Georgia Street, Vancouver, British Columbia, V6B 5A1 to and in favour of **PELECANUS INVESTMENTS LTD.** (the “Secured Party”), a British Columbia company having an office at 500 – 887 Great Northern Way, Vancouver, British Columbia, V5T 4T5.

WHEREAS:

- A. The Debtor has issued or agreed to issue secured notes in the aggregate principal amount of Cdn.\$25,000,000 (the “Notes”) issued on March 31, 2016;
- B. As collateral security for the obligations owing by the Debtor pursuant to the Notes, the Debtor has agreed to execute and deliver this Security Agreement to the Secured Party as collateral security for the payment and performance of the Obligations (defined below).

NOW THEREFORE WITNESSETH that, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Debtor, the Debtor covenants, declares and agrees as follows:

ARTICLE 1

INTERPRETATION

Section 1.1 Terms Incorporated for Reference. Terms defined in the British Columbia *Personal Property Security Act* (as amended from time to time, the “PPSA”) and used but not otherwise defined in this Security Agreement shall have the same meaning herein.

Section 1.2 Defined Terms. In this Security Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the following meanings:

“Collateral” has the meaning set forth in Section 2.1;

“Debtor” means BuildDirect.com Technologies Inc. and its successors and assigns;

“Holder” has the meaning set forth in Section 2.2(1);

“Intellectual Property” means the Collateral, other than any proceeds or payments;

“Licenses” means any and all licenses, sub-licenses, leases, sub-leases, agreements to license or sub-license or lease or sub-lease, rights of use or control (whether as licensee or licensor or lessee or lessor and whether exclusive or nonexclusive) in respect of or in connection with the acquisition, ownership or use of Intellectual Property, together in each case with any amendments, supplements, modifications, extensions, renewals or replacements thereof, and **“License”** means any one of them;

“Lien” includes any mortgage, pledge, lien, hypothecation, security interest or other encumbrance or charge (whether fixed, floating or otherwise) or title retention, any right of set-off (arising otherwise than by operation of applicable law) and any deposit of moneys under any agreement or arrangement whereby such moneys may be withdrawn only upon fulfillment of any conditions as to the discharge of any other indebtedness or other obligation to any creditor, or any right of or arrangement of any kind with any creditor to have its claims satisfied prior to other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or hereafter acquired;

“Note Purchase Agreement” means the note purchase agreement among the Debtor and the Secured Party and the other Holders dated March 31, 2016;

“Obligations” has the meaning set forth in Section 2.2(1);

“Permitted Encumbrances” has the meaning set forth in the General Security Agreement dated the date hereof between the Debtor and the Secured Party;

“PPSA” has the meaning set forth in Section 1.1;

“Royalties” means all royalties, rents, issues, proceeds, profits or other fees (including, without limitation, license fees), charges, assessments or penalties payable to the Debtor or due or accruing due to the Debtor pursuant to any License;

“Secured Party” means Pelecanus Investments Ltd., a British Columbia company and its successors and assigns, in its capacity as Secured Party for the benefit of and on behalf of the Holders;

“Security Interest” has the meaning set forth in Section 2.2(1); and

“Trademarks” means the trademarks, trademark applications and pending applications listed on Schedule A attached hereto.

ARTICLE 2

SECURITY

Section 2.1 Grant of Security. Subject to Section 2.4, the Debtor hereby: (i) mortgages and charges to the Secured Party as and by way of a fixed mortgage and charge; (ii) pledges to the Secured Party; and (iii) grants to the Secured Party a security interest in, all of the Debtor's right, title and interest throughout the world in and to the following property, which is currently or in the future may be owned, created, acquired, or used (whether pursuant to a License or otherwise) by the Debtor, in whole or in part (collectively, the "Collateral", and all references thereto herein include any part thereof):

- (a) all Trademarks and rights and interests which are capable of being protected as Trademarks (including trademarks, service marks, certification marks, designs, logos, indicia, tradenames, corporate names, company names, business names, fictitious business names, trade styles, and other source or business identifiers, and applications pertaining thereto), Licenses in respect thereof and rights to register, renew and extend such trademarks and trademark rights and any and all copyrights in such trademarks;
- (b) all patents, patent applications, industrial designs and industrial design applications, including all reissues, divisions and continuations in part, Licenses in respect thereof, foreign filing rights, and rights to register, renew and extend such rights;
- (c) the trademarks, trademark registrations and pending applications listed on **Schedule A** attached hereto, as the same may be updated hereafter from time to time, and all Licenses in respect thereof;
- (d) the patents, patent applications, industrial designs and industrial design applications listed on **Schedule B** attached hereto, as the same may be updated hereafter from time to time, and all Licenses in respect thereof;
- (e) the copyrights, copyright registrations and pending applications listed on **Schedule C** attached hereto, as the same may be updated hereafter from time to time, and all Licenses in respect thereof;
- (f) the right to register trademark claims and to apply for, renew and extend trademark registrations and trademark rights, the right (without obligation) to sue or bring opposition or cancellation proceedings in the name of the Debtor or in the name of the Secured Party for past, present and future infringements or violations of trademarks, registrations, or other trademark rights and the associated goodwill;
- (g) all of the Debtor's right, title and interest in and to all patentable and unpatentable inventions and all industrial designs, and to file applications for patents and industrial designs and to request reexamination and/or reissue of the patents, the right (without obligation) to sue or bring interference proceedings in the name of

the Debtor or in the name of the Secured Party for past, present and future infringements of the patents and industrial designs;

- (h) all know-how, trade secrets, technical processes, recipes and formulae and Licenses in respect thereof;
- (i) all general intangibles relating to the foregoing, including all associated goodwill; and
- (j) all proceeds of and rights associated with any and all of the foregoing (including, without limitation, claims by the Debtor against third parties for past, present or future infringement of the Intellectual Property, including those items listed in the Schedules to this Agreement, or for injury to the goodwill associated with the use of any of the Trademarks or for breach or enforcement of any License, Royalties and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance, or any indemnity, warranty, or guarantee, payable by reason of loss or damage to or otherwise with respect to the Collateral.

Section 2.2 Obligations Secured.

(1) The mortgages, charges, pledges and security interests granted hereby (collectively, the "**Security Interest**") shall be a general and continuing security for the payment and performance of all indebtedness and liability of the Debtor in respect of the Notes to a holder ("**Holder**") of a Note, including all indebtedness and liability of the Debtor to the Secured Party under the Note Purchase Agreement and in each case present and future indebtedness and liabilities and obligations thereunder and any ultimate balance thereof, and for the performance of all obligations and covenants of the Debtor to the Secured Party and the Holders in respect of the Notes and the Note Purchase Agreement (all of which indebtedness, liability, and obligations are herein collectively called the "**Obligations**").

(2) All reasonable expenses, costs and charges incurred by or on behalf of the Secured Party or the Holders or a Holder in connection with the preparation and issuance of this Security Agreement, the perfection, preservation and protection of the Security Interest and the enforcement of the Secured Party's rights and remedies hereunder, including the realization of the Collateral, and including all legal fees (on a solicitor and solicitor's own client basis) and disbursements, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, licensing, transferring, delivering or obtaining payment of the Collateral, shall be added to and form a part of the Obligations.

Section 2.3 Attachment.

(1) The Debtor and the Secured Party hereby acknowledge that (i) value has been given; (ii) the Debtor has rights in the Collateral (other than after-acquired Collateral); and (iii) they have not agreed to postpone the time of attachment of the Security Interest.

(2) The Debtor agrees to promptly inform the Secured Party in writing of the acquisition by the Debtor of any rights in or to any registrable or unregistrable intellectual

property which is not adequately described herein or of the entitlement to the benefit of any application or registration therefore, and the Debtor agrees to execute and deliver at its own expense from time to time amendments to this Security Agreement or the schedules hereto or additional security agreements or schedules as may be required by the Secured Party or the Holders or a Holder in order that the Security Interest shall attach to such intellectual property.

Section 2.4 Scope of Security Interest.

(1) Nothing in Section 2.1 shall be construed as a pledge by the Debtor (which term shall include a sub-license, mortgage, pledge or charge) of any Intellectual Property licensed to the Debtor as licensee or any License which, as a matter of applicable law or by its terms, may not be pledged without the consent or authorization of the licensor unless such consent or authorization has been obtained. To the extent that the creation of the Security Interest would constitute a breach or permit the acceleration of any License to which the Debtor is a party, the Security Interest shall not attach to the Intellectual Property licensed thereby or the License but the Debtor shall hold its interest therein in trust for the Secured Party, and, in the case of any such potential breach or acceleration of any License, shall use commercially reasonable efforts to obtain the consent of the other party thereto. Upon the Debtor obtaining the consent of such other party, the Security Interest shall be deemed to have automatically attached to such Intellectual Property and License.

(2) Until the Security Interest shall have become enforceable, the grant of the Security Interest in the Intellectual Property shall not affect in any way the Debtor's rights to commercially exploit the Intellectual Property, to defend the Intellectual Property, to enforce the Debtor's rights therein or with respect thereto against third parties in any court or to claim and be entitled to receive any damages with respect to any infringement or violation thereof.

(3) The Security Interest shall not extend or apply to the last day of any term of years reserved by a License, but the Debtor shall stand possessed of any such reversion in trust to assign and dispose thereof as the Secured Party may direct.

(4) The Secured Party will not be deemed in any manner to have assumed any obligation of the Debtor under any License nor shall the Secured Party be liable to any official body or license counterparties by reason of any default by any person under any contract. The Debtor agrees to indemnify and hold the Secured Party harmless of and from all liability, loss, damage or expense which it may or might incur by reason of any claim or demand against it based on its alleged assumption of the Debtor's duty and obligation to perform and discharge the terms, covenants and agreements in any License.

(5) It is expressly acknowledged by the Debtor that, notwithstanding any right or authority granted to the Debtor herein or in any other agreement or instrument to deal with the Collateral, it is the intention of the Debtor and the Secured Party that (i) the Security Interest shall operate and be construed as a fixed and specific charge of all Collateral in respect of which the Debtor presently has rights, and as a fixed and specific charge of all after-acquired Collateral which shall attach forthwith upon the Debtor acquiring rights therein, and (ii) the Security Interest shall neither operate nor be construed as a floating charge.

Section 2.5 The Secured Party's Care and Custody of Collateral.

(1) The Secured Party shall not be bound to dispose of, realize, protect or enforce any of the Debtor's right, title and interest in and to the Collateral or to institute proceedings for the purpose thereof.

(2) The Secured Party shall have no obligation to keep Collateral in its possession identifiable.

(3) The Secured Party may, after the Security Interest shall have become enforceable, (i) notify any person obligated on a License to make payment thereunder to the Secured Party whether or not the Debtor was theretofore making collections thereon, and (ii) assume control of any proceeds arising from the Collateral.

Section 2.6 The Debtor's Dealings with Collateral. Except in the ordinary courser of its business, the Debtor shall not, without the prior written consent of the Secured Party, sell, exchange, license, release or abandon or otherwise dispose of the Collateral or create, assume or permit to remain outstanding any lien, charge or encumbrance in, on or of the Collateral other than Permitted Encumbrances.

Section 2.7 Protective Disbursements. If the Debtor fails to perform any covenant on its part contained in this Security Agreement then the Secured Party may, in its absolute discretion, perform any such covenant capable of being performed by it and, if any such covenant requires the payment or expenditure of money, the Secured Party may make such payment but shall be under no obligation to do so, and all sums so paid or expended by the Secured Party shall be immediately payable by the Debtor, shall bear interest at the rate set forth in the Notes until paid and shall be secured hereby, having the benefit of the security interest hereby created in priority to the Obligations. No such performance or payment shall relieve the Debtor from any default under this Security Agreement or any consequences of such default.

ARTICLE 3

REPRESENTATIONS, WARRANTIES AND COVENANTS

The Debtor hereby represents, warrants to, and covenants with the Secured Party, that:

Section 3.1 Intellectual Property Listing.

(1) A true and complete schedule setting forth all trademark registrations, pending applications and unregistered trademarks owned or controlled by the Debtor or licensed to the Debtor, together with a summary description and full information in respect of the filing or issuance thereof and expiration dates is set forth on **Schedule A** attached hereto.

(2) A true and complete schedule setting forth all patents, patent applications, industrial designs and industrial design applications owned or controlled by the Debtor or licensed to the Debtor, together with a summary description and full information in respect of the filing or issuance thereof and expiration dates is set forth on **Schedule B** attached hereto.

(3) A true and complete schedule setting forth all copyright applications and registrations owned or controlled by the Debtor or licensed to the Debtor, together with a summary description and full information in respect of the filing or issuance thereof is set forth on **Schedule C** attached hereto.

Section 3.2 Validity; Enforceability. The Intellectual Property is valid and enforceable and the Debtor is not currently aware of any past, present, or prospective claim by any third party that any of the Intellectual Property is invalid or unenforceable or that the use of the Intellectual Property violates the rights of any third person, or of any basis for any such claims.

Section 3.3 Title. The Debtor is the sole and exclusive owner of the entire and unencumbered right, title, and interest in and to the Intellectual Property identified in Schedules A, B and C and in and to all other Intellectual Property except that, if any, which is licensed from third parties, free and clear of any Liens, including licenses, shop rights and covenants by the Debtor not to sue third persons, except Permitted Encumbrances.

Section 3.4 Notice. The Debtor has used and will continue to use proper statutory notice in connection with its use of each of the Intellectual Property.

Section 3.5 Quality. The Debtor has used and will continue to use consistent standards of high quality in the manufacture, sale and delivery of products and services sold or delivered under or in connection with all the trademarks comprised within the Intellectual Property, including, to the extent applicable, in the operation and maintenance of its merchandising operations, and will continue to maintain the validity of the Intellectual Property.

Section 3.6 Perfection of Security Interest. Except for the filing of a financing statement with provincial or state personal property registries, and filings with the Canadian Patent Office, Canadian Copyright Office and Canadian Trademark Office, or the corresponding offices in any other country which may be necessary to perfect the Security Interest, no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either for the grant by the Debtor of the Security Interest or for the execution, delivery or performance of this Security Agreement by the Debtor or for the perfection of or the exercise by the Secured Party of its rights hereunder to the Collateral in Canada.

Section 3.7 Litigation and Proceedings. The Debtor shall commence and diligently prosecute in its own name, as the real party in interest, for its own benefit and its own expense, such suits, administrative proceedings, or other actions for infringement or other causes of action as are in its reasonable business judgment necessary to protect the Collateral. The Debtor shall diligently defend all suits, administrative proceedings or other actions brought by third parties in respect of the Intellectual Property or use thereof. The Debtor shall provide to the Secured Party any information with respect thereto requested by the Secured Party. The Secured Party may, but shall not be required to, provide at the Debtor's expense all necessary cooperation in connection with any such suits, proceedings or actions including, without limitation, joining as a necessary party. Following the Debtor becoming aware thereof, the Debtor shall promptly notify the Secured Party of the institution of or any adverse determination in any proceeding in

any patent, trademark or copyright office or other regulatory authority, or any Canadian, United States, state, provincial or foreign court regarding the Debtor's claim of ownership in any of the Intellectual Property, its right to apply for the same or its right to keep and maintain such rights.

Section 3.8 Right to Inspect. The Debtor grants to the Secured Party and its employees and agents the right to visit the Debtor's plants and facilities in which products are manufactured, inspected, stored or processed and in which services are offered or performed in association with any of the Intellectual Property and to inspect the products and quality control records relating thereto at reasonable times during regular business hours after reasonable notice not exceeding two business days, to the Debtor.

ARTICLE 4

ENFORCEMENT

Section 4.1 Default. The Security Interest shall be and become enforceable against the Debtor upon the occurrence of an Event of Default under the Note.

Section 4.2 Remedies. Whenever the Security Interest has become enforceable, the Secured Party may realize upon the Collateral and enforce the rights of the Secured Party by:

- (a) sale, assignment, license, sub-license, granting options or options to purchase or any other disposal of the Collateral including all associated goodwill;
- (b) collection of any proceeds arising in respect of the Collateral;
- (c) collection, realization or sale of or other dealing with Royalties;
- (d) the exercise of any contractual, legal or other rights or interests of the Debtor under or in respect of the Collateral;
- (e) the payment of any lien, charge or encumbrance that may exist or be threatened against the Collateral, in which event such amount and any costs, charges and expenses incurred in connection therewith shall be added to the Obligations;
- (f) the appointment by instrument in writing of a receiver (which term as used in this Security Agreement includes a receiver and manager) or agent of the Collateral and the removal or replacement of such receiver or agent from time to time;
- (g) the institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of the Collateral;
- (h) the institution of proceedings in any court of competent jurisdiction for sale or foreclosure of the Collateral;
- (i) filing proofs of claim and other documents to establish claims in any proceeding relating to the Debtor;

- (j) the set-off and application against the Obligations, to the fullest extent permitted by law, of any monies to be paid by the Secured Party or the Holders under the Notes or any other agreement between the Secured Party or the Holders and the Debtor; and
- (k) any other remedy or proceeding authorized or permitted by applicable law.

In addition, while the Secured Party is enforcing the Security Interest hereunder, the Debtor shall grant to the Secured Party a royalty-free exclusive license to use the Intellectual Property and associated goodwill to the extent necessary to enable the Secured Party to use, possess and realize upon the Intellectual Property and to enable any successor or assign to enjoy the benefits of all the Intellectual Property.

Such remedies may be exercised from time to time separately or in combination and are in addition to and not in substitution for any other rights of the Secured Party or the Holders or a Holder however created. The Secured Party may proceed by way of any action, suit or other proceeding available at law and no right, remedy or power of the Secured Party shall be exclusive of or dependent on any other. The Secured Party may exercise any of its rights, remedies or powers separately or in combination and at any time. The Secured Party shall not be bound to exercise any such rights or remedies, and the exercise of such rights and remedies shall be without prejudice to the rights of the Secured Party or the Holders or a Holder in respect of the Obligations including the right to claim for any deficiency.

Section 4.3 Additional Rights. In addition to the remedies of the Secured Party set forth in Section 4.2, the Secured Party may, whenever the Security Interest has become enforceable, demand, commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give valid and effectual receipts and discharges therefor and compromise or give time for the payment or performance of all or any part of the accounts or any contract or any other obligation of any third party to the Debtor relating to the Collateral.

Section 4.4 Concerning the Receiver.

(1) Any receiver appointed by the Secured Party shall be vested with the rights and remedies which could have been exercised by the Secured Party in respect of the Debtor or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any instrument or instruments supplemental thereto.

(2) Any receiver appointed by the Secured Party shall act as agent for the Secured Party for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below) as agent for the Debtor. The receiver may sell, assign, license, sublicense, grant options or options to purchase or otherwise dispose of Collateral, including all associated goodwill, as agent for the Debtor or as agent for the Secured Party (but in all cases shall take direction from the Secured Party) as the Secured Party may determine in its sole and unfettered discretion. The Debtor agrees to ratify and confirm all actions of the receiver acting as agent for the Debtor, and to release and indemnify the receiver in respect of all such actions.

(3) The Secured Party, in appointing or refraining from appointing any receiver, shall not incur liability to the receiver, the Debtor or otherwise and shall not be responsible for any misconduct or negligence of such receiver.

Section 4.5 Appointment of Attorney. The Debtor hereby irrevocably appoints the Secured Party (and any officer thereof) as attorney of the Debtor (with full power of substitution) to exercise, whenever the Security Interest has become enforceable, in the name of and on behalf of the Debtor any of the Debtor's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement and delivery of any agreements, documents, instruments and any notices, receipts, assignments or verifications of or in respect of Royalties. All acts of any such attorney are hereby ratified and approved, and such attorney shall not be liable for any act, failure to act or any other matter or thing in connection therewith, except for its own negligence or wilful misconduct.

Section 4.6 Dealing with the Collateral and the Security Interest.

(1) The Secured Party shall not be obliged to exhaust its recourses against the Debtor or any other person or persons or against any other security it, the Holders or a Holder may hold in respect of the Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Secured Party may consider desirable.

(2) The Secured Party or Holders may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Debtor and with other persons, sureties or securities as the Secured Party or Holders may see fit, all without prejudice to the Obligations or the rights of the Secured Party in respect of the Collateral.

(3) The Secured Party shall not be (i) bound under any circumstances to realize upon the Collateral; (ii) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral; (iii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of the Secured Party and the Debtor or any other persons in respect thereof; (iv) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal therewith; or (v) bound to protect the Collateral from depreciating in value or becoming worthless.

(4) All moneys from time to time received by the Secured Party or the receiver may be applied as follows: first, in discharge of all operating expenses and other ongoings affecting the Collateral; second, in keeping in good standing all Liens on the Collateral having priority over the Security Interest; third, in payment of the remuneration and disbursements of the receiver (if any); fourth, in payment to the Secured Party or the Holders of moneys payable hereunder and under the Notes or any other agreements between the Secured Party or the Holders of the Notes and the Debtor entered into pursuant thereto; and the balance, if any, shall be paid to the Debtor or as a court of competent jurisdiction may direct. If there shall be a deficiency, the Debtor shall remain liable for such deficiency and shall pay the amount of such deficiency to the Secured Party forthwith.

Section 4.7 Standards of Sale. Without prejudice to the ability of the Secured Party to dispose of the Collateral in any manner which is commercially reasonable, the Debtor acknowledges that a disposition of Collateral by the Secured Party which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;
- (b) Collateral may be disposed of by public action, public tender or private contract, with or without advertising and without any other formality;
- (c) any purchaser or licensee of such Collateral may be a customer or related party of the Secured Party or, the Holders;
- (d) a disposition of Collateral may be on such terms and conditions as to credit, deferred payment or otherwise as the Secured Party, in its discretion, may deem advantageous;
- (e) the Secured Party may establish an upset or reserve bid or price in respect of the Collateral; and
- (f) the Secured Party may buy in, rescind or vary any contract for the disposition of Collateral and may dispose of any Collateral again without being obligated to account or answer for any gain or loss occasioned thereby.

Section 4.8 Dealings by Third Parties. No person dealing with the Secured Party or its agent or a receiver shall be required (i) to determine whether the Security Interest has become enforceable; (ii) to determine whether the powers which the Secured Party or such agent or receiver on behalf of the Secured Party is purporting to exercise have become exercisable; (iii) to determine whether any money remains due to the Secured Party or Holders by the Debtor; (iv) to determine the necessity or expediency of the stipulations and conditions subject to which any sale or license shall be made; (v) to determine the propriety or regularity of any sale or of any other dealing by the Secured Party with the Collateral; or (vi) to see to the application of any money paid to the Secured Party.

Section 4.9 Statutory Waiver. To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protection provided to it by any statute which imposes limitations upon the rights, remedies or powers of a secured party.

ARTICLE 5

GENERAL

Section 5.1 Discharge. The Security Interest shall be released and discharged upon, but only upon, full payment of the Obligations and at the request and expense of the Debtor.

Section 5.2 No Merger, etc. No judgment recovered by the Secured Party or the Holders or a Holder shall operate by way of merger of or in any way affect the Security Interest, which is in addition to and not in substitution for any other security now or hereafter held by the Secured Party or the Holders or a Holder in respect of the Obligations.

Section 5.3 Waivers, etc. No amendment, consent or waiver by the Secured Party shall be effective unless made in writing and signed by an authorized officer of the Secured Party and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 5.4 Further Assurances. The Debtor shall from time to time, whether before or after the Security Interest shall have become enforceable, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as the Secured Party may reasonably require for protecting the Collateral or perfecting the Security Interest and for exercising all rights, remedies, powers, authorities and discretions hereby conferred upon the Secured Party, and the Debtor shall, from time to time after the Security Interest has become enforceable, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as the Secured Party may require for facilitating the sale of or other dealing with the Collateral in connection with any realization thereof.

Section 5.5 Notice. All notices, requests, demands, directions and communications (in this Section 5.5, "notices") hereunder shall be sent by telex, facsimile or similar means of recorded communication or hand delivery and shall be effective when hand delivered or, in the case of successful telex, facsimile or similar means of recorded communication, when received. All notices shall be given to the respective addresses on page 1 of this Security Agreement or, in either case, in accordance with any unrevoked written direction as to a change of address given in accordance with this Section 5.5.

Section 5.6 Successors and Assigns. This Security Agreement shall be binding upon the Debtor, its successors and permitted assigns, and shall enure to the benefit of the Secured Party and its successors and assigns. The Debtor may not assign or novate any of its rights or obligations under this Security Agreement without the prior written consent of the Secured Party. All rights of the Secured Party hereunder shall be assignable..

Section 5.7 Headings, etc. The division of this Security Agreement into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

Section 5.8 Severability. If and to the extent that any provision hereof shall conflict with any mandatory provision of the PPSA (including, without limitation, an exclusion or purported exclusion of a duty or onus imposed by the PPSA or a limitation or purported limitation of the liability of or the amount of damages recoverable from a person who has failed to discharge a duty or obligation imposed by the PPSA), such provision of the PPSA shall govern. The provisions of this Security Agreement are intended to be severable. If any provision of this Security Agreement shall be held to be invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such

invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

Section 5.9 Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and of Canada applicable therein and shall be treated in all respects as a British Columbia contract.

Section 5.10 Incorporation of Schedules. Schedules A, B and C shall, for all purposes hereof, form an integral part of this Security Agreement.

Section 5.11 Conflict. In the event of a conflict or inconsistency between the provisions of this Security Agreement and the provisions of the Note Purchase Agreement, the provisions of the Note Purchase Agreement shall prevail.

Section 5.12 Acknowledgement of Receipt/Waiver. The Debtor acknowledges receipt of an executed copy of this Security Agreement. The Debtor waives, to the extent permitted by applicable law, the right to receive a copy of any financing statement, financing change statement or verification statement registered with or issued by any personal property registry or other official body in connection with this Security Agreement.

IN WITNESS WHEREOF the Debtor has duly executed this Security Agreement as of the day and year set out above.

BUILDDIRECT.COM TECHNOLOGIES INC.

Per: 

Name: JEFF BOOTH

Title: PRESIDENT and CEO

I have authority to bind the Corporation

SCHEDULE A

TRADEMARKS, TRADEMARK REGISTRATIONS AND PENDING APPLICATIONS

The Debtor has the following trademark registrations in Canada, the United States and the EU:

<u>Trade-mark</u>	<u>Filing Date</u>	<u>Application No.</u>	<u>Registration Date</u>	<u>Registration No.</u>	<u>Wares & Services</u>	<u>Status</u>
Canada						
BUILDDIRECT	March 12, 2007	1,338,902	January 25, 2008	TMA705,733	"online distribution of residential, commercial and industrial building products"	The deadline to renew registration is January 25, 2023
TUNGSTON	November 6, 2013	1,650,823	January 22, 2015	TMA894,866	"hardwood flooring"	The deadline to renew registration is January 22, 2030
JASPER	November 6, 2013	1,650,826	January 29, 2015	TMA895,438	"hardwood flooring"	The deadline to renew registration is January 29, 2030
LAMPTON	November 6, 2013	1,650,825	August 17, 2015	TMA911,440	"laminate flooring"	The deadline to renew registration is August 17, 2030

<u>Trade-mark</u>	<u>Filing Date</u>	<u>Application No.</u>	<u>Registration Date</u>	<u>Registration No.</u>	<u>Wares & Services</u>	<u>Status</u>
TOKLO	November 6, 2013	1,650,824	August 17, 2015	TMA911,439	"laminated flooring"	The deadline to renew registration is August 17, 2030
ROTERRA	November 7, 2013	1,650,992	August 10, 2015	TMA910,618	"slate tile, mosaic tile, slate flooring"	The deadline to renew registration is August 10, 2030
TAKLA	November 12, 2013	1,651,668	July 6, 2015	TMA907,823	"tile flooring, ceramic tile flooring, ceramic tile, porcelain tile flooring, porcelain tile"	The deadline to renew registration is July 6, 2030
TORINO	November 12, 2013	1,651,669	January 15, 2015	TMA894,150	"porcelain tile"	The deadline to renew registration is January 15, 2030
YANCHI	November 12, 2013	1,651,661	September 21, 2015	TMA914,713	"bamboo flooring"	The deadline to renew registration is September 21, 2030
SALERNO	November 13, 2013	1,651,801	July 13, 2015	TMA908,325	"tile flooring, ceramic tile flooring, porcelain tile flooring, ceramic tile, porcelain tile, mosaic tile"	The deadline to renew registration is July 13, 2030
OPTICO	November 13, 2013	1,651,805	July 6, 2015	TMA907,814	"tile flooring, mosaic tile"	The deadline to renew registration is July 6, 2030

<u>Trade-mark</u>	<u>Filing Date</u>	<u>Application No.</u>	<u>Registration Date</u>	<u>Registration No.</u>	<u>Wares & Services</u>	<u>Status</u>
ARAMA	November 13, 2013	1,651,806	July 6, 2015	TMA907,815	"rugs, area rugs"	The deadline to renew registration is July 6, 2030
CEDAR WEST	November 13, 2013	1,651,807	July 6, 2015	TMA907,816	"wood decking, cedar roofing, wood siding, roof shingles, roof shakes, shingle panels"	The deadline to renew registration is July 6, 2030
KONTIKI	November 13, 2013	1,651,809	August 10, 2015	TMA910,617	"deck tiles, patio furniture, outdoor accessories namely deck railings, kerosene heaters, propane heaters, fireplaces, umbrellas, storage boxes, plastic storage containers, cushions, serving carts, planter pots and planter boxes"	The deadline to renew registration is August 10, 2030
BULDDIRECT (Design Mark)	March 26, 2014	1,669,733	January 12, 2016	TMA925,794	"Distribution of residential, commercial and industrial building products"	The deadline to renew registration is January 12, 2031
BLACKBEAR	November 13, 2013	1,651,811	January 18, 2016	TMA926,348	"Manufactured stone veneer, stone veneer panels, stone veneer accessories, namely accent stone, cap stone, electrical box, header stone, hearth stone, key stone, light box, outlet box, pyramid caps, pyramid wall coping, quoin concerns, trim stone, water box and window sills"	The deadline to renew registration is January 18, 2031

<u>Trade-mark</u>	<u>Filing Date</u>	<u>Application No.</u>	<u>Registration Date</u>	<u>Registration No.</u>	<u>Wares & Services</u>	<u>Status</u>
VANIER	November 5, 2013	1,650,673	February 25, 2016	TMAA929, 939	"Flooring namely engineered wood flooring and wood flooring."	The deadline to renew registration is February 25, 2031
CABOT	November 7, 2013	1,650,991	February 25, 2016	TMAA929,942	"Marble tile, granite tile, slate tile, stone siding, travertine pavers, slate pavers, granite pavers, sandstone pavers, outdoor heaters, namely fireplaces, fire pits, wood burning heaters, gas fire tables, fuel burning fire tables, electric heaters, outdoor gas heaters and outdoor electric heaters, granite countertops, limestone tile, ceramic tile, porcelain tile, mosaic tile"	The deadline to renew registration is February 25, 2031
EVORA	November 12, 2013	1,651,662	March 10, 2016	TMAA931,337	"Flooring namely cork flooring and cork flooring coverings"	The deadline to renew registration is March 10, 2031
United States						
BULDDIRECT (Word Mark)	April 12, 2007	77/154,992	January 22, 2008	3,371,834	(Class 35) "online wholesale store services featuring residential, commercial and industrial building products"	Deadline to renew registration is January 22, 2018

<u>Trade-mark</u>	<u>Filing Date</u>	<u>Application No.</u>	<u>Registration Date</u>	<u>Registration No.</u>	<u>Wares & Services</u>	<u>Status</u>
BUILDIRECT (Design Mark)	April 2, 2014	86,239,806	December 30, 2014	4,662,475	(Class 35) "online wholesale store services featuring residential, commercial and industrial building products"	Deadline to renew registration is December 30, 2024
TUNGSTON	November 15, 2013	86,119,721	July 7, 2015	4,766,867	(Class 19) "building materials, namely, hardwood flooring boards; hardwood flooring"	Deadline to renew registration is July 7, 2025
TORINO	November 22, 2013	86,126,509	June 23, 2015	4,758,329	(Class 19) "ceramic floor tiles; ceramic tiles; ceramic tiles for flooring and facing; ceramic tiles for flooring and lining; ceramic tiles for tile floors and coverings; ceramic wall tiles; glazed ceramic tiles; tiles of ceramic for wall, floor or ceiling"	Deadline to renew registration is June 23, 2025

<u>Trade-mark</u>	<u>Filing Date</u>	<u>Application No.</u>	<u>Registration Date</u>	<u>Registration No.</u>	<u>Wares & Services</u>	<u>Status</u>
European Union (CTM)						
BUILDIRECT	April 5, 2007	005817069	May 29, 2008	005817069	(Class 19) "non-metallic building materials" (Class 35) "retail services, including such services provided via an Internet website, via telephone ordering and catalogue ordering or via retail stores, all connected with the sale of residential, commercial and industrial building products and supplies, including, floors, tiles, flooring products such as laminate flooring, roofing products, roof tiles, decking, wood, stone and cement sidings, granite counter tops and paving products, all provided to retail end consumers and wholesalers for volume purchases."	Deadline to renew registration is April 5, 2017

SCHEDULE B

PATENTS, PATENT APPLICATIONS, INDUSTRIAL DESIGNS AND INDUSTRIAL DESIGN APPLICATIONS

INDUSTRIAL AND PATENT DESIGN CASES

Our Ref.	Country	Title	Filing Date	Application No	Issued Date	Patent No.	Renewal/Expiry Date
257606.00024	EP Union	COUNTER TILE	Dec 1/04	000261250	Dec 1/04	000261250-0001	Renewal Due 12/01/2019 (Renew every 5yrs) Expires 12/01/2029
257606.00009	US	MODULAR COUNTERTOP	June 1/04	29/206,434	Feb 13/07	D536,559 S	No Renewal Fees Expires 02/13/2021
257606.00028	CA	MODULAR COUNTERTOP	Nov 30/04	109253	June 11/07	109253	No further renewals to be paid Expires 06/11/2017
257606.00027	EP Union	MODULAR COUNTERTOP	Dec 1/04	000261326	Sep 13/05	000261326	Renewal Due 12/01/2019 Expires 12/01/2029
257606.00025	CA	COUNTER TILE	Nov 30/04	109254	Feb 22/06	109254	No further renewals to be paid 02/22/2016
BLD16301P	US	E-COMMERCE SYSTEM WITH DEMAND FORECASTING TOOL	Feb 9/16	62/293,275	N/A	N/A	Application expires 02/09/2017

SCHEDULE C

COPYRIGHTS, COPYRIGHT REGISTRATIONS AND PENDING APPLICATIONS

The Debtor does not have any formal copyright applications or registrations.