

<b>PATENT ASSIGNMENT COVER SHEET</b>
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Electronic Version v1.1  
 Stylesheet Version v1.2

EPAS ID: PAT5367711

<b>SUBMISSION TYPE:</b>	RESUBMISSION
<b>NATURE OF CONVEYANCE:</b>	RELEASE OF SECURITY INTEREST
<b>RESUBMIT DOCUMENT ID:</b>	505069755

**CONVEYING PARTY DATA**

Name	Execution Date
GLOBAL PARTNERS UNITED, LLC	03/19/2012

**RECEIVING PARTY DATA**

<b>Name:</b>	BIXBY ENERGY SYSTEMS, INC.
<b>Street Address:</b>	222 DELAWARE AVENUE
<b>Internal Address:</b>	17TH FLOOR
<b>City:</b>	WILMINGTON
<b>State/Country:</b>	DELAWARE
<b>Postal Code:</b>	19801

**PROPERTY NUMBERS Total: 1**

Property Type	Number
<b>Application Number:</b>	15449581

**CORRESPONDENCE DATA**

**Fax Number:** (512)226-8118

*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.*

**Phone:** 6175217881

**Email:** APSI@fr.com

**Correspondent Name:** ERIN KNIGHT

**Address Line 1:** ONE MARINA PARK DRIVE

**Address Line 2:** FISH & RICHARDSON

**Address Line 4:** BOSTON, MASSACHUSETTS 02210

<b>ATTORNEY DOCKET NUMBER:</b>	42459-0008002
<b>NAME OF SUBMITTER:</b>	ROSELYNN FIGUEROA
<b>SIGNATURE:</b>	/Roselynn Figueroa/
<b>DATE SIGNED:</b>	02/08/2019

**Total Attachments: 47**

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## PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1  
Stylesheet Version v1.2

EPAS ID: PAT2991926

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT
<b>NATURE OF CONVEYANCE:</b>	RELEASE OF SECURITY INTEREST
<b>CONVEYING PARTY DATA</b>	
<b>Name</b>	<b>Execution Date</b>
GLOBAL PARTNERS UNITED, LLC	03/19/2012
<b>RECEIVING PARTY DATA</b>	
<b>Name:</b>	BIXBY ENERGY SYSTEMS, INC.
<b>Street Address:</b>	6893 139TH LANE NW
<b>City:</b>	RAMSEY
<b>State/Country:</b>	MINNESOTA
<b>Postal Code:</b>	55303
<b>PROPERTY NUMBERS Total: 8</b>	
<b>Property Type</b>	<b>Number</b>
Patent Number:	D521133
Patent Number:	7284550
Patent Number:	7318431
Application Number:	11522845
Application Number:	11939277
Application Number:	12291188
Application Number:	12454822
Application Number:	12590391
<b>CORRESPONDENCE DATA</b>	
<b>Fax Number:</b>	(952)697-2631
<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>	
<b>Phone:</b>	952.697.2633
<b>Email:</b>	mmiller@billionarmitage.com
<b>Correspondent Name:</b>	RICHARD E. BILLION
<b>Address Line 1:</b>	SUITE 425
<b>Address Line 2:</b>	7401 METRO BLVD.
<b>Address Line 4:</b>	MINNEAPOLIS, MINNESOTA 55439
<b>ATTORNEY DOCKET NUMBER:</b>	1147.002USC1
<b>NAME OF SUBMITTER:</b>	RICHARD E. BILLION
<b>SIGNATURE:</b>	/Richard E. Billion 32836/

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**DATE SIGNED:**

08/21/2014

**Total Attachments: 45**

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**Amendment to Revised and Restated Exclusive License and Strategic Cooperation Agreement  
and Addendum Number 1 to the Test Model Agreements**

Whereas, Bixby Energy Systems, Inc. (“Bixby”) and Global Partners United LLC and Global Partners United Ltd. (collectively, “GPU”) are parties to, among other agreements, the Revised and Restated Exclusive License and Strategic Cooperation Agreement, Five Test Model Agreements, Loan Agreement, Security Agreement, Term Notes 1, 2, and 3, and Addendum Number 1 to the Test Model Agreements. As a result of significant changes in the costs and functionality of the Bixby Systems, Bixby and GPU have agreed to amend certain agreements between them as set forth in this Amendment, which is effective as of March 19, 2012. Capitalized terms used herein shall have the meaning ascribed to them in the parties’ prior agreements unless redefined herein. If there is an inconsistency between this Amendment and the existing agreements, the Amendment shall be prevailing and be controlling.

1. Section 5.1(k) of the Revised and Restated Exclusive License and Strategic Cooperation Agreement is hereby deleted in its entirety. The two paragraphs set forth between Section 5.1(k) and Section 5.2 (the paragraphs starting with the phrases “At the end of each of the foregoing periods...” and “In the event that GPU...” respectively) shall also be deleted in their entirety.
2. Section 6.2 of the Revised and Restated Exclusive License and Strategic Cooperation Agreement shall be deleted and replaced with the following provision:

Within one hundred fifty (150) days of the Order Date or receipt of a final payment by GPU for the order, whichever occurs first, GPU shall pay to Bixby a royalty fee of One Hundred Thousand Dollars (\$100,000) and shall forgive loans to Bixby in amount of One Hundred Fifty Thousand Dollars (\$150,000) per Unit sold by GPU (or its licensees) pursuant to the rights described in Section 2.1 until all amounts loaned to Bixby by GPU, including pursuant to the Loan Agreement and Term Notes and all other amounts loaned to Bixby or costs incurred by GPU on Bixby’s behalf. Once all amounts loaned to Bixby or costs incurred by GPU on Bixby’s behalf have been repaid, GPU shall pay to Bixby a royalty fee of Two Hundred Thousand Dollars (\$200,000) per Unit sold. The period from the Order Date until payment of the royalty fee shall be reduced to ninety (90) days for all orders received on or after 365 days after “first gas”. For the first ten systems sold, GPU shall loan an additional \$50,000 to Bixby at an interest of 10% annually. Once all amounts loaned to Bixby or costs incurred by GPU on Bixby’s behalf have been repaid, GPU shall pay to Bixby a royalty fee of Two Hundred Thousand Dollars (\$200,000) per Unit sold.

3. The Loan Agreements and Term Notes are hereby amended to the extent they conflict with the repayment terms set forth in paragraph 2 herein. For clarity, GPU will recoup the loans and advances to Bixby at an amount of \$150,000 per Unit sold, starting from the first Unit sold, until all loans, costs incurred on behalf of Bixby, and advances have been fully paid back.

4. Section 11.2 is hereby amended to state, in the third paragraph, that “The limitation on liability set forth above shall not apply to claims arising from a Party’s intentional breach or repudiation of this Agreement, or constituting willful misconduct.”

5. Paragraph 5 of the Addendum Number 1 to the Test Model Agreement is deleted in its entirety. Bixby and GPU understand that, as a result of the increased costs and significant delays in completing the Five Test Systems, Bixby will not receive any additional funds upon the issuance of a Functional Verification Certificate, including without limitation the previously agreed upon \$1.1 million USD. Bixby shall remain responsible for repaying all amounts incurred by GPU in completing functional verification of the Five Test Systems, including all materials, taxes, transportation, housing, wages, and any other related expenses, as set forth in the Loan Agreement and Term Notes.

6. Bixby and GPU have had to make certain concessions to customers of the Five Test Systems as a result of the delays in achieving functional verification. Bixby agrees that as part of said concessions, Bixby and GPU must supply a free Unit to I Valley at a time of I Valley’s choosing. Bixby agrees that such Unit shall be provided without payment of any royalty fee by GPU or I Valley and that Bixby shall be responsible for any and all expenses associated with such free machine, including without limitation costs of manufacturing, shipping, and installation. In addition, it is expected that the other four customers of the Five Test Systems will also require a free Unit and Bixby will agree to provide a free Unit, without payment of any royalty by GPU or the customer, and that Bixby shall be responsible for any and all expenses associated with such free machines, including without limitation costs of manufacturing, shipping, and installation. The expenses incurred in connection with these free Units may be advanced by GPU and recouped as set forth in paragraph 2 above and in the Loan Agreement and Term Notes. Once the Five Test Systems have successfully passed testing and received a Functional Verification Certificate, the systems are the property of the purchaser and Bixby will not be responsible for any of the ongoing operating expenses.

7. GPU shall provide a detailed cost breakdown for money owed by Bixby on a semi-annual basis. This provision shall begin at the date of signing of this amendment and shall only apply on the costs associated with the first five systems and the free units outlined in section 6 above.

8. Section 6.5 of the Revised and Restated Exclusive License and Strategic Cooperation Agreement shall be deleted in its entirety.

(remainder of page left intentionally blank)

**IN WITNESS WHEREOF**, this Amendment has been signed by the duly authorized representatives of the parties and is effective as of the date first above written.

**Bixby Energy System, Inc.**

By: \_\_\_\_\_  
Gil Gutknecht, Board Member

By: \_\_\_\_\_  
Ronald B. Kinner, Board Member

By: \_\_\_\_\_  
James Bergeron, Board Member

**Global Partners United LLC**

By: \_\_\_\_\_  
Jason Moore, Chairman

By: \_\_\_\_\_  
Jeff Wiseman, Managing Director

By: \_\_\_\_\_  
Susan Xu, Managing Director

**Global Partners United LTD**

By: \_\_\_\_\_  
Jason Moore, Chairman

By: \_\_\_\_\_  
Jeff Wiseman, Managing Director

By: \_\_\_\_\_  
Susan Xu, Managing Director

**Bixby Energy System, Inc.**

**Global Partners United LLC**

By: \_\_\_\_\_  
Gil Gutmacht, Board Member

By: \_\_\_\_\_  
Jason Moore, Chairman

By: \_\_\_\_\_  
Ronald B. Kinner, Board Member

By: \_\_\_\_\_  
Jeff Wiseman, Managing Director

By: *James Bergeron*  
James Bergeron, Board Member

By: \_\_\_\_\_  
Susan Xu, Managing Director

**Global Partners United LTD**


By: \_\_\_\_\_  
Jason Moore, Chairman

By: \_\_\_\_\_  
Jeff Wiseman, Managing Director

By: \_\_\_\_\_  
Susan Xu, Managing Director



IN WITNESS WHEREOF, this Amendment has been signed by the duly authorized representatives of the parties and is effective as of the date first above written.

<p><b>Bixby Energy System, Inc.</b></p> <p>By:  Gil Girknecht, Board Member</p> <p>By: _____ Ronald B. Kinner, Board Member</p> <p>By: _____ James Bergeron, Board Member</p>	<p><b>Global Partners United LLC</b></p> <p>By: _____ Jason Moore, Chairman</p> <p>By: _____ Jeff Wiseman, Managing Director</p> <p>By: _____ Susan Xu, Managing Director</p>
<p><b>Global Partners United LTD</b></p> <p>By: _____ Jason Moore, Chairman</p> <p>By: _____ Jeff Wiseman, Managing Director</p> <p>By: _____ Susan Xu, Managing Director</p>	

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**Bixby Energy System, Inc.**

By: \_\_\_\_\_  
Gil Gutknecht, Board Member

By: \_\_\_\_\_  
Ronald B. Kinner, Board Member

By: \_\_\_\_\_  
James Bergeron, Board Member

**Global Partners United LLC**

By: Jason Moore  
Jason Moore, Chairman

By: Jeff Wiseman  
Jeff Wiseman, Managing Director

By: Susan Xu  
Susan Xu, Managing Director

**Global Partners United LTD**

By: Jason Moore  
Jason Moore, Chairman

By: Jeff Wiseman  
Jeff Wiseman, Managing Director

By: Susan Xu  
Susan Xu, Managing Director

March 19, 2012

March 19, 2012

IN WITNESS WHEREOF, this Amendment has been signed by the duly authorized representatives of the parties and is effective as of the date first above written.

**Bixby Energy System, Inc.**

By: \_\_\_\_\_  
Gil Gutknecht, Board Member

By: *Ronald B. Kinner*  
Ronald B. Kinner, Board Member

By: \_\_\_\_\_  
James Bergeron, Board Member

**Global Partners United LLC**

By: \_\_\_\_\_  
Jason Moore, Chairman

By: \_\_\_\_\_  
Jeff Wiseman, Managing Director

By: \_\_\_\_\_  
Susan Xu, Managing Director

**Global Partners United LTD**

By: \_\_\_\_\_  
Jason Moore, Chairman

By: \_\_\_\_\_  
Jeff Wiseman, Managing Director

By: \_\_\_\_\_  
Susan Xu, Managing Director

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement"), is made as of this 20th day of May, 2011, by BIXBY ENERGY SYSTEMS, INC., a Delaware corporation (the "Debtor"), in favor of GLOBAL PARTNERS UNITED, LLC, a Nevada limited liability company (the "Secured Party").

In order to secure the payment of all obligations of the Debtor to the Secured Party under that certain Loan Agreement of even date herewith by and between the Debtor and the Secured Party (the "Loan Agreement") and as evidenced by (a) that certain Term Note No. 1 of even date herewith in the original principal amount of \$1,800,000 executed by the Debtor and payable to the order of the Secured Party ("Term Note No. 1"), (b) that certain Term Note No. 2 of even date herewith in the original principal amount of \$2,600,000 executed by the Debtor and payable to the order of the Secured Party ("Term Note No. 2"), and (c) that certain Term Note No. 3 of even date herewith in the original principal amount of \$1,520,000 executed by the Debtor and payable to the order of the Secured Party ("Term Note No. 3," and together with Term Note No. 1, and Term Note No. 2, the "Notes"), and each and every other debt, liability and obligation of every type and description which the Debtor may now or at any time hereafter owe to the Secured Party (whether such debt, liability or obligation now exists or is hereafter created or incurred, whether it arises under or is evidenced by this Agreement, the Loan Agreement, the Notes or any other present or future instrument or agreement or by operation of law, and whether it is direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or sole, joint or joint and several) (all such debts, liabilities and obligations of the Debtor to the Secured Party are herein collectively referred to as the "Secured Obligations"), the Debtor hereby agrees as follows:

1. SECURITY INTEREST AND COLLATERAL. In order to secure the payment and performance of the Secured Obligations, the Debtor hereby grants to the Secured Party a security interest (herein called the "Security Interest") in and to the following property (hereinafter collectively referred to as the "Collateral"):

All assets of the Debtor including, without limitation, any and all furniture, fixtures, machinery, equipment, inventory, accounts (including, but not limited to, all health-care-insurance receivables), deposit accounts, vehicles, prepaid insurance, letter-of-credit rights, supplies, patents, patent rights, copyrights, trademarks, trade names, goodwill, royalty rights, franchise rights, chattel paper (including, but not limited to, electronic chattel paper and tangible chattel paper), license rights, documents, instruments, investment property, software, payment intangibles, general intangibles and any and all other goods, now owned or hereafter acquired by the Debtor and wherever located, and specifically including the following:

(a) all patents and patent applications, domestic or foreign, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including such patents and patent applications as described

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in Schedule I attached hereto and incorporated herein by this reference), all rights to sue for past, present or future infringement thereof, all rights arising therefrom and pertaining thereto and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof,

(b) all state (including common law), federal and foreign trademarks, service marks and trade names, and applications for registration of such trademarks, service marks and trade names (but excluding any application to register any trademark, service mark or other mark prior to the filing under applicable law of a verified statement of use (or the equivalent) for such trademark, service mark or other mark to the extent the creation of a security interest therein or the grant of a mortgage thereon would void or invalidate such trademark, service mark or other mark), all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including such marks, names and applications as described in Schedule I), whether registered or unregistered and wherever registered, all rights to sue for past, present or future infringement or unconsented use thereof, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof,

(c) the entire goodwill of or associated with the businesses now or hereafter conducted by Debtor connected with and symbolized by any of the aforementioned properties and assets,

(d) all general intangibles and all intangible intellectual or other similar property of Debtor of any kind or nature, associated with or arising out of any of the aforementioned properties and assets and not otherwise described above, and

(e) all proceeds of any and all of the foregoing property (including license royalties, rights to payment, accounts and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof) or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to the foregoing property;

together with all supporting obligations, substitutions and replacements for and products and proceeds of any of the foregoing property and, in the case of all tangible Collateral, together with (i) all accessories, attachments, parts, equipment, accessions and repairs now or hereafter attached or affixed to or used in connection with any such goods, and (ii) all warehouse receipts, bills of lading and other documents now or hereafter covering such goods.

2. REPRESENTATIONS, WARRANTIES AND AGREEMENTS. The Debtor hereby represents and warrants to, and covenants and agrees with, the Secured Party as follows:

(a) The Collateral will be used primarily for business purposes.

(b) The Debtor is a Delaware corporation and the address of the Debtor's chief executive office is 6893 139<sup>th</sup> Lane N.W., Ramsey, Minnesota 55303, and it keeps and will keep all of its books and records with respect to all of its accounts at such address. The Debtor shall not change its state of organization or chief executive office without the Secured Party's prior written consent. The Debtor's organizational identification number is DE 3509576.

(c) If any part or all of the Collateral will become so related to particular real estate as to become a fixture, the Debtor will promptly advise the Secured Party as to real estate concerned and the record owner thereof and execute and deliver any and all instruments necessary to perfect the Security Interest therein and to assure that such Security Interest will be prior to the interest therein of the owner of the real estate.

(d) During the preceding one (1) year, the Debtor has not changed its name or operated or conducted business under any trade name or "d/b/a" which is different from its corporate name. The Debtor shall promptly notify the Secured Party of any change in such name or if it operates or conducts business under any trade name or "d/b/a" which is different from such name.

(e) The Debtor has (or will have at the time the Debtor acquires rights in Collateral hereafter acquired or arising) and will maintain absolute title to each item of Collateral free and clear of all security interests, liens and encumbrances, except the Security Interest, and such other security interests as are identified in Schedule II attached hereto and incorporated herein by this reference (the Security Interest and the security interests permitted hereunder are hereinafter collectively referred to as the "Permitted Interests"), and will defend the Collateral against all claims or demands of all persons other than the Secured Party and those holding Permitted Interests. The Debtor will not sell or otherwise dispose of the Collateral or any interest therein except that until an Event of Default (as defined in the Loan Agreement) has occurred the Debtor may sell inventory in the ordinary course of its business.

(f) The Debtor will not permit any Collateral to be located in any state (and, if a county filing is required, in any county) in which a financing statement covering such Collateral is required to be, but has not in fact been, filed.

(g) The Debtor authorizes the Secured Party to file all of the Secured Party's financing statements and amendments to financing statements, and all terminations of the filings of other secured parties, all with respect to the Collateral, in such form and substance as the Secured Party, in its sole discretion, may determine.

(h) All rights to payment and all instruments, documents, chattel paper and other agreements constituting or evidencing Collateral are (or will be when arising or issued) the valid, genuine and legally enforceable obligation, subject to no defense, set-off or counterclaim (other than those arising in the ordinary course of business) of each account debtor or other obligor named therein or in the Debtor's records pertaining thereto as being obligated to pay such obligation. The Debtor will not agree to any modification, amendment or cancellation of any such obligation without the Secured Party's prior written consent, and will not subordinate any such right to payment to claims of other creditors of such account debtor or other obligor.

(i) The Debtor will (i) keep all Collateral in good repair, working order and condition, normal depreciation excepted, and will, from time to time, replace any worn, broken or defective parts thereof; (ii) other than taxes and other governmental charges contested in good faith and by appropriate proceedings, promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest; (iii) keep all Collateral free and clear of all security interests, liens and encumbrances except the Permitted Interests; (iv) at all reasonable times, permit the Secured Party or its representatives to examine or inspect any Collateral, wherever located, and to examine, inspect and copy the Debtor's books and records pertaining to the Collateral and its business and financial condition and to discuss with account debtors and other obligors requests for verifications of amounts owed to the Debtor; (v) keep accurate and complete records pertaining to the Collateral and pertaining to the Debtor's business and financial condition and will submit to the Secured Party such periodic reports concerning the Collateral and the Debtor's business and financial condition as the Secured Party may from time to time reasonably request; (vi) promptly notify the Secured Party of any loss or material damage to any Collateral or of any material adverse change, known to the Debtor, in the prospect of payment of any sums due on or under any instrument, chattel paper or account constituting Collateral; (vii) if the Secured Party at any time so requests promptly deliver to the Secured Party any instrument, document or chattel paper constituting Collateral, duly endorsed or assigned by the Debtor to the Secured Party; (viii) at all times keep all Collateral insured against risks of fire (including so called extended coverage), theft, collision (in case of collateral consisting of motor vehicles) and such other risks and in such amounts as the Secured Party may reasonably request, with any loss payable to the Secured Party to the extent of its interest and notify the Secured Party in writing of any loss or damage to the Collateral or any part; (ix) from time to time execute such financing statements or other forms, including, without limitation, patent and trademark recordation forms, as the Secured Party may reasonably deem required to be filed in order to perfect the Security Interest and, if any Collateral is covered by a certificate of title, execute such documents as may be required to have the Security Interest properly noted on a certificate of title; (x) pay when due or reimburse the Secured Party on demand for all costs of collection of any of the Secured Obligations and all other out-of-pocket expenses (including in each case all attorneys' fees) incurred by the Secured Party in connection with the creation, perfection, satisfaction or enforcement of the Security Interest or the execution or creation, continuance or enforcement of this Agreement or any or all of the Secured Obligations including expenses incurred in any litigation or bankruptcy or insolvency proceedings; (xi) execute,

deliver or endorse any and all instruments, documents, assignments, security agreements and other agreements and writings which the Secured Party may at any time reasonably request in order to secure, protect, perfect or enforce the Security Interest and the Secured Party's rights under this Agreement, including, without limitation, an assignment of claim with respect to any account which is a government receivable; (xii) not use or keep any Collateral, or permit it to be used or kept, for any unlawful purpose or in violation of any federal, state or local law, statute or ordinance; (xiii) permit the Secured Party at any time and from time to time to send requests (both before and after the occurrence of an Event of Default under the Loan Agreement) to account debtors or other obligors for verification of amounts owed to Debtor; and (xiv) not permit any Collateral to become part of or to be affixed to any real property, without first assuring to the reasonable satisfaction of the Secured Party that the Security Interest will be prior and senior to any interest or lien then held or thereafter acquired by any mortgagee of such real property or the owner or purchaser of any interest therein. If the Debtor at any time fails to perform or observe any agreement contained in this Section 2(i), and if such failure shall continue for a period of ten (10) calendar days after the Secured Party gives the Debtor written notice thereof (or, in the case of the agreements contained in clauses (viii) and (ix) of this Section 2(i), immediately upon the occurrence of such failure, without notice or lapse of time) the Secured Party may (but need not) perform or observe such agreement on behalf and in the name, place and stead of the Debtor (or, at the Secured Party's option, in the Secured Party's own name) and may (but need not) take any and all other actions which the Secured Party may reasonably deem necessary to cure or correct such failure (including, without limitation, the payment of taxes, the satisfaction of security interests, liens or encumbrances (other than Permitted Interests), the performance of obligations under contracts or agreements with account debtors or other obligors, the procurement and maintenance of insurance, the execution of financing statements, the endorsement of instruments, and the procurement of repairs, transportation or insurance); and, except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, the Debtor shall thereupon pay the Secured Party on demand the amount of all moneys expended and all costs and expenses (including attorneys' fees) incurred by the Secured Party in connection with or as a result of the Secured Party's performing or observing such agreements or taking such actions, together with interest thereon from the date expended or incurred by the Secured Party at the default rate provided for in the Notes. To facilitate the performance or observance by the Secured Party of such agreements of the Debtor, the Debtor hereby irrevocably appoints (which appointment is coupled with an interest) the Secured Party, or its delegate, as the attorney-in-fact of the Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of the Debtor, any and all instruments, documents, financing statements, forms, applications for insurance and other agreements and writings required to be obtained, executed, delivered or endorsed by the Debtor under this Section 2.

3. ASSIGNMENT OF INSURANCE. The Debtor hereby assigns to the Secured Party, as additional security for the payment of the Secured Obligations, any and all moneys (including but not limited to proceeds of insurance and refunds of unearned premiums) due or to become due under, and all other rights of the Debtor under or with respect to, any and all policies of insurance covering the Collateral, and the Debtor hereby directs the issuer of any such policy to



pay any such moneys to the Secured Party. Before and upon the occurrence of an Event of Default under the Loan Agreement, and at any time thereafter, the Secured Party may (but need not) in its own name or in the Debtor's name, execute and deliver proofs of claim, receive all such moneys (subject to the Debtor's rights), endorse checks and other instruments representing payment of such monies, and adjust, litigate, compromise or release any claim against the issuer of any such policy.

4. COLLECTION OF ACCOUNTS. The Secured Party may, or at the Secured Party's request, the Debtor shall, after the occurrence of an Event of Default under the Loan Agreement, and at any time thereafter, notify any account debtor or any obligor on an instrument to make payment directly to a post office box specified by and under the sole control of the Secured Party, whether or not the Secured Party was theretofore making collections with respect thereto, and the Secured Party shall be entitled to take control of any proceeds thereof. If so requested by the Secured Party, the Debtor shall insert appropriate language on each invoice directing its customers to make payment to such post office box. The Debtor hereby authorizes and directs the Secured Party to deposit into a special collateral account to be established and maintained with the Secured Party all checks, drafts and cash payments, received in said lock box. All deposits in said collateral account shall constitute proceeds of Collateral and shall not constitute payment of any of the Secured Obligations. At its option, the Secured Party may, at any time, apply finally collected funds on deposit in said collateral account to the payment of the Secured Obligations in such order of application as the Secured Party may determine, or permit the Debtor to withdraw all or any part of the balance on deposit in said collateral account. If a collateral account is so established the Debtor agrees that it will promptly deliver to the Secured Party for deposit into said collateral account, all payments on accounts and chattel paper received by it. All such payments shall be delivered to the Secured Party in the form received (except for the Debtor's endorsement where necessary). Until so deposited, all payments on accounts and chattel paper received by the Debtor shall be held in trust by the Debtor for and as the property of the Secured Party and shall not be commingled with any funds or property of the Debtor.

5. REMEDIES. Upon the occurrence of an Event of Default under the Loan Agreement, and at any time thereafter, the Secured Party may exercise any one or more of the following rights or remedies if any or all of the Secured Obligations are not paid when due: (i) exercise and enforce any or all rights and remedies available after default to a secured party under the Uniform Commercial Code, including but not limited to the right to take possession of any Collateral, proceeding without judicial process or by judicial process (without a prior hearing or notice thereof, which the Debtor hereby expressly waives), and the right to sell, lease or otherwise dispose of or use any or all of the Collateral; (ii) the Secured Party may require the Debtor to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties; (iii) exercise its rights under any lessors' agreements regardless of whether or not the Debtor is in default under such leases; and (iv) exercise or enforce any or all other rights or remedies available to the Secured Party by law or agreement against the Collateral, against the Debtor or against any other person or property including, without limitation, and without regard to any waste, adequacy of the security or solvency of the Debtor, the right to apply for the appointment of a receiver to liquidate the Collateral to which appointment the Debtor hereby consents. The Secured Party is hereby granted a non-exclusive, worldwide and royalty-free license to use or otherwise exploit all trademarks, franchises, copyrights and patents of the Debtor that the Secured Party deems

necessary or appropriate to the disposition of any Collateral. If notice to the Debtor of any intended disposition of Collateral or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given (in the manner specified in Section 6 below) at least ten (10) calendar days prior to the date of intended disposition or other action.

6. MISCELLANEOUS. This Agreement does not contemplate a sale of accounts or chattel paper, and, as provided by law, the Debtor is entitled to any surplus and shall remain liable for any deficiency. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by the Secured Party. A waiver signed by the Secured Party shall be effective only in the specific instance and for the purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of the Secured Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly or concurrently, at the Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to the Debtor shall be deemed sufficiently given if deposited in the United States mails, registered or certified, postage prepaid, or personally delivered to the Debtor at its address set forth herein. The Secured Party's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if the Secured Party exercises reasonable care in physically safe keeping such Collateral or, in the case of Collateral in the custody or possession of a bailee or other third person, exercises reasonable care in the selection of the bailee or other third person, and the Secured Party need not otherwise preserve, protect, insure or care for any Collateral. The Secured Party shall not be obligated to preserve any rights the Debtor may have against any other party, to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application. This Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective heirs, representatives, successors and assigns and shall take effect when signed by the Debtor and delivered to the Secured Party, and the Debtor waives notice of the Secured Party's acceptance hereof. The Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of the Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. Except to the extent otherwise required by law, this Agreement shall be governed by the laws of the State of Minnesota and, unless the context otherwise requires, all terms used herein which are defined in Articles 1 and 9 of the Uniform Commercial Code, as in effect in said state, shall have the meanings therein stated and all capitalized terms used herein which are defined in the Loan Agreement shall have the meanings therein stated. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Secured Obligations.

7. PATENTS. If Debtor shall obtain rights to any new trademarks or patentable inventions or become entitled to the benefit of any patent application or patent for any reissue, division, or continuation, of any patent, the provisions of this Agreement shall automatically apply thereto.

Debtor shall give prompt notice in writing to Secured Party with respect to any such new patent rights. Without limiting Debtor's obligations under this Section 7, Debtor authorizes Secured Party unilaterally to modify this Agreement by amending Schedule A to include any such new trademark or patent rights. Notwithstanding the foregoing, no failure to so modify this Agreement or amend Schedule A shall in any way affect, invalidate or detract from Secured Party's continuing security interest in all Collateral, whether or not listed on Schedule A.

8. NOTICES. All notices, consents, requests, demands and other communications hereunder shall be given to or made upon the respective parties hereto at their respective addresses specified below or, as to any party, at such other address as may be designated by it in a written notice to the other party. All notices, requests, consents and demands hereunder shall be effective when personally delivered or duly deposited in the United States mails, certified or registered, postage prepaid, addressed as aforesaid.

**IF TO THE SECURED PARTY:**

Global Partners United, LLC  
c/o Kendall Brill & Klieger LLP  
10100 Santa Monica Blvd., Suite 1725  
Los Angeles, CA 90067  
Facsimile No.: (310) 556-2705  
Attn: Philip M. Kelly

**IF TO THE DEBTOR:**

Bixby Energy Systems, Inc.  
c/o Best & Flanagan LLP  
225 South Sixth Street, Suite 4000  
Minneapolis, MN 55402  
Facsimile No.: (612) 339-5897  
Attn: James C. Diracles, Esq.

IN WITNESS WHEREOF, the Debtor and Secured Party have executed this Security Agreement as of the day and year first above written.

DEBTOR:

BIXBY ENERGY SYSTEMS, INC.

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

Its: \_\_\_\_\_

SECURED PARTY:

GLOBAL PARTNERS UNITED, LLC

By: Dr. Abdul Haque

Its: CEO

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IN WITNESS WHEREOF, the Debtor and Secured Party have executed this Security Agreement as of the day and year first above written.

DEBTOR:

BIXBY ENERGY SYSTEMS, INC.

By: *Paul B. Lewis*  
Its: *CFO/SECRETARY*

SECURED PARTY:

GLOBAL PARTNERS UNITED, LLC

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

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**SCHEDULE I**  
**(Intellectual Property Collateral)**

See Attached

**Intellectual Property Portfolio**

**U.S. Patent Applications**

<b>Title</b>	<b>Appln. No.</b>	<b>Filing Date</b>	<b>Publication No.</b>	<b>Publication Date</b>	<b>Current Owner</b>
HEART PAD HEAT BARRIER Inventor: Walker, Robert A.	11/522,845	09/18/2006	2007-0151477	07/05/2007	Abandoned
APPARATUS AND METHOD FOR DELIVERY AND RECLAMATION OF BIOMASS FUEL Inventor: Steffi, Charles J.; McCoy, Joel W.	11/939,277	11/13/2007	2008-0283142	11/20/2008	Abandoned
FLOW RATE OF GAS IN FLUIDIZED BED DURING CONVERSION OF CARBON BASED MATERIAL TO NATURAL GAS AND ACTIVATED CARBON Inventor: Aaron, Alfred Sherman; Aaron, A. Sherman, AKA; Aaron, Sherman, AKA	12/291,188	11/06/2008	2009-0232725	09/17/2009	Bixby Energy Systems, Inc.
FUEL VAPORIZER SYSTEM Inventor: Johannig, Dean	12/454,822	05/22/2009	2010-0295193	11/25/2010	Bixby Energy Systems, Inc.
PROCESS FOR AND PROCESSOR OF NATURAL GAS AND ACTIVATED CARBON TOGETHER WITH BLOWER Inventor: Aaron, Sherman	12/590,391	11/05/2009	2010-0055026	03/04/2010	Bixby Energy Systems, Inc.

U.S. Issued Patents

Title	Appl. No.	Filing Date	Patent No.	Issued Date	Current Owner
BIOMASS STOVE Inventor: Robert A. Walker	29/179,835	04/16/2003	D521133	05/16/2006	Bixby Energy Systems, Inc.
BURN POT FOR FURNACE Inventors: Walker, Robert A.; Embertson, Ross Conrad	10/802,463	03/17/2004	7,284,550	10/23/2007	Security Interest Hopfenspirger, Larry C. c/o Hopfenspirger Realty, Inc. Bixby Energy Systems, Inc.
BIOMASS FUEL BURNING STOVE AND METHOD Inventors: Holtan, Mark N.; Embertson, Ross C.	11/049,611	02/02/2005	7,318,431	01/15/2008	Bixby Energy Systems, Inc.

U.S. Trademark Applications

Mark	Serial No.	Filing Date	Applicant of Record
BIXBY ENERGY SYSTEMS & Design	76/694,174	11/06/2008	Bixby Energy Systems, Inc. (a Delaware corporation)
REDEFINING THE FUTURE	76/694,173	11/06/2008	Bixby Energy Systems, Inc. (a Delaware corporation)
BIXBY ENERGY SYSTEMS & Design	76/694,172	11/06/2008	Bixby Energy Systems, Inc. (a Delaware corporation)
REDEFINING THE FUTURE	76/694,170	11/06/2008	Bixby Energy Systems, Inc. (a Delaware corporation)



**U.S. Trademark Registrations**

<b>Trademark</b>	<b>Registration No.</b>	<b>Registration Date</b>	<b>Owner of Record</b>
Bixby Energy & Design	3,633,317	06/02/2009	Bixby Energy Systems (a Minnesota corporation)
REDEFINING THE FUTURE	3,636,885	06/09/2009	Bixby Energy Systems Corporation (a Minnesota corporation)
B & Design	2,826,046	03/23/2004	Bixby Energy Systems, Inc. (a Minnesota corporation)

**SCHEDULE II**  
(Permitted Liens)

1. UCC-1 Financing Statement filed on April 27, 2006 in favor of Creekridge Capital, LLC, Filing No. 6141726.
2. UCC-1 Financing Statement filed on June 15, 2006 in favor of Creekridge Capital, LLC, Filing No. 6205637 2.
3. UCC-1 Financing Statement filed on January 16, 2007, in favor of Creekridge Capital, LLC, Filing No. 2007 0194000.
4. UCC-1 Financing Statement filed on August 28, 2009 in favor of Scott J. Strommen, Filing No. 2009 2791108.
5. UCC-1 Financing Statement filed on January 19, 2010 in favor of Toshiba Financial Services, Filing No. 2010 0176879.
6. UCC-1 Financing Statement filed on January 21, 2010 in favor of Scott J. Strommen, Filing No. 2010 0219406.
7. UCC-1 Financing Statement filed on June 16, 2010 in favor of Scott J. Strommen, Filing No. 2010 2106973.

## LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Agreement") is made as of the 20th day of May, 2011, by and between BIXBY ENERGY SYSTEMS, INC., a Delaware corporation (the "Borrower"), and GLOBAL PARTNERS UNITED, LLC, a Nevada limited liability company (the "Lender").

### RECITALS

A. The Lender has extended to the Borrower a loan in the original principal amount of \$1,800,000 (the "Existing Loan"). The Existing Loan has been made by the Lender to the Borrower to provide financing in connection with the Test Units (as defined herein).

B. As of the date hereof, the principal balance of the Existing Loan is \$1,800,000.

C. The Borrower has now requested additional loans from the Lender to finance (a) completion of the Test Units (the "Completion Loan"), and (b) certain operating and related business expenses (the "Operating Expenses") of the Borrower (the "Operating Loan," and together with the Completion Loan, the "New Loans") and, in connection therewith, the Borrower and the Lender desire to enter into this Agreement.

NOW, THEREFORE, Borrower and Lender agree as follows:

1. DEFINITIONS. As used herein, the following terms shall have the following meanings for the purpose of this Agreement and the documents related hereto unless the context in which such term is used clearly requires otherwise:

(a) Additional Documents: collectively, the following documents and/or information, each of which shall be in form and substance acceptable to the Lender:

(i) Current searches of appropriate filing offices showing that (a) no state or federal tax liens have been filed and remain in effect against the Borrower, and (b) no financing statements or assignments of patents, trademarks or copyrights have been filed and remain in effect against the Borrower, except those financing statements and assignments of patents, trademarks or copyrights relating to Permitted Liens, and (c) the Lender has duly filed all financing statements necessary to perfect the security interests under the Security Documents, to the extent such security interests are capable of being perfected by filing.

(ii) An incumbency certificate of an officer of the Borrower certifying as to (a) the resolutions of the board of directors authorizing the execution, delivery and performance of the Borrower Documents, (b) the Articles of Incorporation, and Bylaws of the Borrower, and (c) the signatures of the Borrower's officers authorized to execute and deliver the Borrower Documents, and other instruments, agreements and certificates on the Borrower's behalf.

(b) Advance: an advance of Loan proceeds by the Lender pursuant to Section 2 hereof.

- (c) Agreement: this Loan Agreement.
- (d) Borrower Documents: collectively, the Notes, this Agreement, the Security Documents and any and all other documents now or hereafter executed and/or delivered by the Borrower to the Lender in connection herewith, as the same may be amended and/or restated from time to time.
- (e) Business Day: any day other than a Saturday, a Sunday, or any other day on which commercial banks in Minnesota are authorized or required by law to close.
- (f) Collateral: the property described in and subject to the Security Documents.
- (g) Event of Default: any one or more of the events listed in Section 7 hereof.
- (h) Existing Loan: has the meaning set forth in the recitals.
- (i) License Agreement: the Revised and Restated Exclusive License and Strategic Cooperation Agreement dated as of May 20, 2011, by and among the Borrower, the Lender and Global Partner United LTD.
- (j) Loan: collectively, the Existing Loan and the New Loans.
- (k) Loan Documents: the Additional Documents, the Borrower Documents, the Organizational Documents, the License Agreement and any and all other documents now or hereafter executed and delivered to the Lender in connection herewith, as the same may be amended or restated from time to time.
- (l) New Loans: has the meaning set forth in the recitals
- (m) Notes: collectively, Term Note No. 1, Term Note No. 2, and Term Note No. 3.
- (n) Organizational Documents: collectively, the following documents, each of which shall be in form and substance acceptable to the Lender:
- (1) a copy of the Articles of Incorporation for the Borrower, duly certified by the Secretary of State of the State of Delaware;
  - (2) a copy of the Bylaws for the Borrower, duly certified by an officer of the Borrower;
  - (3) a current Certificate of Good Standing for the Borrower, duly issued by the Secretary of State of the State of Delaware; and
  - (4) a copy of the resolutions of the Borrower authorizing the execution, delivery and performance of the Borrower Documents, duly certified by an officer of the Borrower.
- (o) Permitted Liens: has the meaning set forth in Section 6.E. hereof.

- (p) Person: any individual, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.
- (q) Security Agreement: that certain Security Agreement of even date herewith executed by the Borrower in favor of the Lender, pursuant to which the Borrower has granted to the Lender a first priority security interest in and to the Collateral described therein to secure repayment of the Notes.
- (r) Security Documents: collectively, the Security Agreement and any other document delivered to the Lender from time to time to secure repayment of the Notes, as the same may be amended or restated from time to time.
- (s) Termination Date: the date after which no Advances shall be made under Term Note No. 2 and Term Note No. 3, which shall be November 1, 2011, for Term Note No. 2 and September 1, 2011, for Term Note No. 3.
- (t) Term Note No. 1: that certain Term Note No. 1 of even date herewith executed by the Borrower in the original principal amount of One Million Eight Hundred Thousand and 00/100 Dollars (\$1,800,000.00) and payable to the order of the Lender, which note evidences the Existing Loan.
- (u) Term Note No. 2: that certain Term Note No. 2 of even date herewith executed by the Borrower in the original principal amount of Two Million Six Hundred Thousand and 00/100 Dollars (\$2,600,000.00) and payable to the order of the Lender, which note evidences the Completion Loan.
- (v) Term Note No. 3: that certain Term Note No. 3 of even date herewith executed by the Borrower in the original principal amount of One Million Five Hundred Twenty Thousand and 00/100 Dollars (\$1,520,000.00) and payable to the order of the Lender, which note evidences the Operating Loan.
- (w) Test Unit: has the meaning set forth in the License Agreement.
- (x) Unit: has the meaning set forth in the License Agreement.
- (y) UCC: the Uniform Commercial Code as in effect from time to time in the state of Minnesota, or in any other state whose laws are held to govern this Agreement or any portion hereof.

2. DISCRETIONARY LOAN; ADVANCES. Upon the terms and subject to the conditions hereinafter set forth, the Lender may in its sole discretion make Advances to the Borrower under Term Note No. 2 and Term Note No. 3 from time to time until and including the Termination Date, at such time and in such amount as to each Advance as the Borrower shall request; provided, however, that the aggregate outstanding principal amount of all Advances under the Notes may not exceed \$5,920,000 (which includes \$1,800,000 which has been fully advanced under Term Note No. 1, plus \$2,600,000 under Term Note No. 2, plus \$1,520,000 under Term Note No. 3) at any time. As of the date hereof, the Lender has advanced to the Borrower the sum

of \$1,800,000 evidenced by Term Note No. 1 and no further amounts shall be advanced under Term Note No. 1. Advances under Term Note No. 2 may only be used by the Borrower in connection with completion of the Test Units. Advances under Term Note No. 3 may only be used by the Borrower in connection with Operating Expenses. None of the Notes evidence a revolving line of credit and the Borrower may not borrow, prepay and reborrow any Advances. At least five (5) Business Days before each such Advance hereunder, the Borrower shall deliver to the Lender, in form and substance acceptable to the Lender, a written request for such Advance accompanied by such other documentation supporting the Advance request as the Lender may require in its sole discretion, in the form attached hereto and incorporated herein by this reference as Exhibit A. Notwithstanding anything to the contrary contained herein, but only so long as no Event of Default, or event which with the giving of notice or the passage of time or both would constitute an Event of Default, has occurred and is then continuing, the Lender will make available under Term Note No. 3 the following principal amounts at the following times under the following conditions: (a) the aggregate sum of \$320,000 consisting of a maximum of \$80,000 per week during each weekly period through June 20, 2011, and (b) upon achievement of "first gas" under the License Agreement (which is anticipated to be June 20, 2011) and continuing thereafter for a period of forty (40) days (the "Additional Period"), which in no event may be later than the Termination Date, and further provided that the Lender has received and approved customer orders under the License Agreement for four (4) Units (each a "Unit Order") during such Additional Period, the aggregate sum of \$1,200,000 consisting of a maximum of \$300,000 per Unit Order.

3. NOTES. The obligation of the Borrower to repay any and all Advances made pursuant to Section 2 hereof shall be evidenced by the Notes. Reference is hereby made to the Notes for repayment terms including interest rate, maturity date and repayment schedule.

4. CONDITIONS PRECEDENT. As a condition precedent to the execution by the Lender of this Agreement and the making of any Advances hereunder, the following agreements, documents and other items shall have been executed and/or delivered to the Lender by the party indicated, each of which documents, agreements and other items shall be in form and substance acceptable to the Lender:

- A. The Borrower Documents, duly executed and delivered by the parties thereto.
- B. All information concerning intellectual property necessary for the Lender to file any or all of the Security Documents with the United States Patent and Trademark Office or any other governmental agency in the United States or abroad (collectively, the "PTO"), together with confirmation from the PTO of the filing of such Security Documents.
- C. UCC-1 financing statement covering all of the Collateral, duly filed in the Office of the Delaware Secretary of State.
- D. The License Agreement, duly executed and delivered by the parties thereto.
- E. The Additional Documents, duly executed and/or delivered by the parties thereto.
- F. The Organizational Documents.

G. Such other documents as the Lender in its discretion may require in connection with the transaction contemplated hereby.

5. REPRESENTATIONS. In order to induce the Lender to make Advances hereunder in its discretion, the Borrower hereby warrants, represents and certifies to the Lender as follows:

A. Corporate Existence and Power. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is in good standing in every other jurisdiction wherein the nature of its business or the character of its properties makes such qualification necessary and where failure to be so qualified and in good standing would, in the aggregate, have a material adverse effect on the business, properties, operations, assets, liabilities or condition (financial or otherwise) of the Borrower, and has all requisite power and authority to carry on its business as now conducted and as presently proposed to be conducted. The Borrower's organizational identification number is DE 3509576 and its tax identification number is \_\_\_\_\_.

B. Corporate Authority. The Borrower has full power and authority to execute and deliver the Borrower Documents, and to incur and perform its obligations hereunder and thereunder; the execution, delivery and performance by the Borrower of the Borrower Documents and any and all other documents and transactions contemplated hereby or thereby, have been duly authorized by all necessary corporate action, will not violate any provision of law or the Articles of Incorporation or Bylaws of the Borrower or result in the breach of, constitute a default under, or create or give rise to any lien under, any indenture or other agreement or instrument to which the Borrower is a party or by which the Borrower or its property may be bound or affected; and the Borrower Documents have been executed and delivered to the Lender by the corporate officers of the Borrower who have been authorized by the Borrower's Board of Directors, and who are authorized by and specified in the Borrower's Articles of Incorporation and Bylaws, to execute and so deliver such agreements.

C. Enforceability. The Loan Documents each constitute the legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms (subject, as to enforceability, to limitations resulting from bankruptcy, insolvency and other similar laws affecting creditors' rights generally and principles of equity).

D. Litigation. Except as disclosed to the Lender on Schedule 5.D. attached hereto, to the Borrower's actual knowledge, there is no action, suit or proceeding pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower, or any basis therefor, which, if adversely determined, would have a material adverse effect on the condition (financial or otherwise), business, properties or assets of the Borrower or which would question the validity of the Loan Documents or any instrument, document or other agreement related hereto or required hereby, or impair the ability of the Borrower to perform its obligations under the foregoing agreements. The Borrower shall provide a supplement to Schedule 5.D. on or before June 20, 2011, and thereafter shall notify the Lender of any new pending or threatened litigation within seven (7) Business Days after the Borrower has obtained knowledge of such litigation. The Borrower's failure to comply with the foregoing shall constitute an Event of Default.

E. Licenses. The Borrower possesses adequate licenses, permits, franchises, patents, copyrights, trademarks and trade names, or rights thereto, to conduct its business substantially as now conducted and as presently proposed to be conducted.

F. Default. Except as disclosed to the Lender on Schedule 5.F., to the Borrower's actual knowledge, the Borrower is not in default of a material provision under any material agreement, instrument, decree or order to which it is a party or by which it or its property is bound or affected. The Borrower shall provide a supplement to Schedule 5.F. on or before June 20, 2011, and thereafter shall notify the Lender of any new material defaults under material agreements within seven (7) Business Days after the Borrower has obtained knowledge of such default. The Borrower's failure to comply with the foregoing shall constitute an Event of Default.

G. Ownership of Property; Liens. The Borrower has good and marketable title to the Collateral and all of its other properties, and the Collateral is free and clear of all security interests, liens, claims and encumbrances except Permitted Liens.

Each of the foregoing warranties and representations shall be deemed to be repeated and reaffirmed on and as of the date any Advance is made hereunder by the Lender to the Borrower.

6. COVENANTS. On and after the date hereof and until the payment in full and performance of all of the obligations of the Borrower to the Lender, and so long as this Agreement remains in full force and effect, the Borrower agrees that, unless the Lender shall otherwise consent or agree in writing:

A. Financial Statements. The Borrower shall deliver to the Lender from time to time, with reasonable promptness, such information regarding the business, operations, affairs and financial and other condition of the Borrower or the Collateral as the Lender may request.

B. Maintenance of Existence; Conduct of Business. The Borrower shall preserve all of its rights, privileges and franchises necessary or desirable in the normal conduct of its business; conduct its business in an orderly, efficient and regular manner; and shall not liquidate, merge, dissolve, suspend business operations, or sell all or substantially all of its assets.

C. Maintenance of Collateral and other Properties. The Borrower will keep and maintain the Collateral and all of its other properties necessary or useful in its business in good condition, repair and working order (normal wear and tear excepted) and will from time to time replace or repair any worn, defective or broken parts; provided, however, that nothing in this Section shall prevent the Borrower from discontinuing the operation and maintenance of any of its properties if such discontinuance is, in the Borrower's reasonable business judgment, desirable in the conduct of the Borrower's business and not disadvantageous in any material respect to the Lender. The Borrower will defend the Collateral against all claims or demands of all Persons (other than the Lender) claiming the Collateral or any interest therein. The Borrower will keep all Collateral free and clear of all security interests, liens, claims and encumbrances except Permitted Liens.



D. Compliance with Applicable Laws. The Borrower shall comply with the requirements of all applicable local, state and federal laws, and of all rules, regulations and orders of any governmental or other authority or agency, a breach of which would materially and adversely affect its business or credit, except where contested in good faith and by proper proceedings.

E. Liens. The Borrower shall not create, assume, incur or suffer to exist any assignment, mortgage, lease, pledge, security interest, lien, charge or other encumbrance whatsoever upon its property of any kind, whether now owned or hereafter acquired, except for liens in favor of the Lender and liens disclosed on Schedule I to the Security Agreement (collectively, "Permitted Liens").

F. Access to Books and Inspection. The Borrower shall at all times keep proper books of record and accounts for itself, and, upon request of the Lender, the Borrower shall provide any duly authorized representative of the Lender access during normal business hours, and permit such representative to examine, copy or make extracts from, any and all books, records and documents in the Borrower's possession or control relating to the Borrower's affairs, and to inspect any of its facilities and properties.

G. Events of Default. The Borrower shall furnish to the Lender as soon as possible and in any event within seven (7) days after the Borrower has obtained knowledge of the occurrence of an Event of Default, or an event which with the giving of notice or lapse of time or both would constitute an Event of Default, a statement signed by the Borrower setting forth details of such Event of Default or event and the action which the Borrower has taken, is taking or proposes to take to correct the same.

H. Consolidation and Merger. Without the prior written consent of the Lender, the Borrower shall not consolidate with or merge into any Person, or permit any other Person to merge into it, or acquire (in a transaction analogous in purpose or effect to a consolidation or merger) all or substantially all of the assets of any other Person, or enter into any partnership or joint venture.

I. Insurance. The Borrower shall maintain insurance coverage with respect to the Collateral with responsible insurance companies licensed to do business in the State of Minnesota as required by the Security Documents. The Borrower shall furnish to the Lender full information and written evidence as to the insurance maintained by the Borrower.

J. Sale or Transfer of Assets. The Borrower will not sell, lease, assign, transfer or otherwise dispose of all or a substantial part of its assets, or any Collateral or any interest therein (whether in one transaction or in a series of transactions) to any other Person other than the sale of inventory in the ordinary course of business or the sale of worn, defective, broken or obsolete items, and will not liquidate, dissolve or suspend business operations. The Borrower will not in any manner transfer any Collateral without prior or present receipt of full and adequate consideration. The Borrower will not permit any tangible Collateral or any records pertaining to the Collateral to be located in any state or area in which, in the event of such location, a financing statement covering such

Collateral would be required to be, but has not in fact been, filed in order to perfect the security interests granted to the Lender under the Security Documents.

K. Name Change. The Borrower will not change its legal name.

7. EVENTS OF DEFAULT; REMEDIES.

A. Any one or more of the following events shall constitute an Event of Default hereunder and under the documents related hereto:

- (1) the Borrower shall fail to pay when due, any amounts required to be paid under the Notes or any other indebtedness of the Borrower to the Lender or any other third party, whether any such indebtedness is now existing or hereafter arises and whether direct or indirect, due or to become due, absolute or contingent, primary or secondary or joint or joint and several; or
- (2) the Borrower shall fail to observe or perform any covenant, condition or agreement to be observed or performed by it under any of the Loan Documents; or
- (3) the Borrower shall file a petition in bankruptcy or for reorganization or for an arrangement pursuant to any present or future state or federal bankruptcy act or under any similar federal or state law, or shall be adjudicated a bankrupt or insolvent, or shall make a general assignment for the benefit of its creditors; or if an order for relief under any present or future federal bankruptcy act or similar state or federal law shall be entered against the Borrower; or
- (4) if a petition or answer requesting or proposing the entry of such order for relief or the adjudication of the Borrower as a debtor or a bankrupt or its reorganization under any present or future state or federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within thirty (30) days after the filing thereof; or if a receiver, trustee or liquidator of the Borrower or of all or substantially all of the assets of the Borrower shall be appointed in any proceeding brought against the Borrower and shall not be discharged within thirty (30) days of such appointment; or if the Borrower shall consent to or acquiesce in such appointment; or if any property of the Borrower shall be levied upon or attached in any proceeding; or
- (5) except for the judgments identified on Schedule 7.A.(5) attached hereto which shall be supplemented by the Borrower on or before June 20, 2011, final judgment(s) for the payment of money shall be rendered against the Borrower and shall remain undischarged for a period of thirty (30) days during which execution shall not be effectively stayed; or
- (6) any representation or warranty made by the Borrower herein or in any document related hereto shall prove to be untrue or misleading in any material respect, or any statement, certificate or report furnished hereunder or under any of

the foregoing documents by or on behalf of the Borrower shall prove to be untrue or misleading in any material respect on the date when the facts set forth and recited therein are stated or certified; or

(7) the Borrower shall liquidate, dissolve, terminate or suspend its business operations or otherwise fail to operate its business in the ordinary course, or sell all or substantially all of its assets, without the prior written consent of the Lender; or

(8) any material adverse change shall occur in the financial condition of the Borrower which, in the reasonable opinion of the Lender, increases its risk with respect to the Notes, or the Lender otherwise in good faith deems itself insecure for any reason with respect to the payment of the Notes; or

(9) any default by the Borrower under the License Agreement; or

(10) any property of the Borrower shall be garnished, levied upon, or attached in any proceeding and such garnishment or attachment shall remain undischarged for a period of thirty (30) days during which execution has not been effectively stayed.

B. Upon the occurrence at any time of any Event of Default, or at any time thereafter, the Lender may declare the unpaid principal balance of, plus accrued interest on, plus all other amounts due and owing under the Notes to be immediately due and payable, without notice or demand, in which case the Notes and all other amounts due hereunder shall be immediately due and payable.

C. Upon the occurrence of an Event of Default, or at any time thereafter, the Lender may exercise any or all of its rights and remedies under the Loan Documents and the documents related hereto or thereto, and under applicable law.

D. The Lender may also refuse to make Advances under Section 2 hereof if any Event of Default shall occur or if any event or condition shall occur or exist which with the giving of notice or the passage of time or both would constitute an Event of Default.

8. NOTICES. All notices, consents, requests, demands and other communications hereunder shall be given to or made upon the respective parties hereto at their respective addresses specified below or, as to any party, at such other address as may be designated by it in a written notice to the other party. All notices, requests, consents and demands hereunder shall be effective when personally delivered or duly deposited in the United States mails, certified or registered, postage prepaid, sent by fax, or addressed as aforesaid.

IF TO THE LENDER:

Global Partners United, LLC  
c/o Kendall Brill & Klieger LLP  
10100 Santa Monica Blvd., Suite 1725  
Los Angeles, CA 90067

Facsimile No.: (310) 556-2705  
Attn: Philip M. Kelly, Esq.

IF TO THE BORROWER:

Bixby Energy Systems, Inc.  
c/o Best & Flanagan LLP  
225 South Sixth Street, Suite 4000  
Minneapolis, MN 55402  
Facsimile No.: (612) 339-5897  
Attn: James C. Diracles, Esq.

9. MISCELLANEOUS.

A. Waivers, etc. No failure on the part of the Lender to exercise, and no delay in exercising, any right or remedy hereunder or under applicable law or any document or agreement related hereto shall operate as a waiver thereof; nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

B. Expenses. The Borrower shall reimburse the Lender for any and all costs and expenses including, without limitation, attorneys' fees paid or incurred by the Lender in connection with the enforcement by the Lender during the term hereof or thereafter of any of the rights or remedies of the Lender under any of this Agreement or any of the other Loan Documents or under applicable law, whether or not suit is filed with respect thereto.

C. Amendments, etc. The Loan Documents may not be amended or modified, nor may any of their terms be modified or waived, except by written instruments signed by the Lender and the other party or parties to such document.

D. Successors. This Agreement shall be binding upon and inure to the benefit of the Borrower and the Lender and their respective successors and assigns; provided, however, that the Borrower may not transfer or assign its rights to borrow hereunder without the prior written consent of the Lender.

E. Offsets. Nothing in this Agreement shall be deemed a waiver or prohibition of the Lender's right of banker's lien, offset, or counterclaim, which right the Borrower hereby grants to the Lender.

F. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart.

G. Governing Law; Construction. The Loan Documents shall be governed by and construed in accordance with the internal law, and not the law of conflicts, of the State of Minnesota. Whenever possible, each provision of this Agreement and/or any of the other Loan Documents and any other statement, instrument or transaction contemplated hereby or thereby or relating hereto or thereto shall be interpreted in such manner as to be effective and valid under such applicable law, but, if any provision of this Agreement and/or any of the other Loan Documents or any other statement, instrument or transaction contemplated hereby or thereby or relating hereto or thereto should be held to be prohibited or invalid under such applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement and/or any of the other Loan Documents or any other statement, instrument or transaction contemplated hereby or thereby or relating hereto or thereto. In the event of any conflict within, between or among the provisions of this Agreement and/or any of the other Loan Documents or any other statement, instrument or transactions contemplated hereby or thereby or relating hereto or thereto, those provisions giving the Lender the greater right shall govern.

H. Jurisdiction; Waiver of Jury Trial. The Borrower hereby submits itself to the jurisdiction of the State of Minnesota and the federal courts of the United States located in such State in respect of all actions arising out of or in connection with the interpretation or enforcement of this Agreement and the documents related hereto. The Borrower irrevocably waives, to the fullest extent permitted by law, any and all right to trial by jury in any legal proceeding commenced and conducted in a court arising out of or relating to the Loan Documents or the transactions contemplated hereby or thereby.

I. Headings. The descriptive headings for the several sections of this Agreement are inserted for convenience only and shall not define or limit any of the terms or provisions hereof.

J. Indemnification. The Borrower hereby agrees to indemnify the Lender for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Lender in any action by a third party relating to or arising out of the breach by the Borrower of any of the representations, warranties, covenants, or obligations set forth in the Loan Documents or the enforcement of such terms thereof or therefor; provided, however, that such parties shall not be liable for any of the foregoing to the extent that they arise from the gross negligence or willful misconduct of the Lender.

K. Highest Lawful Rate. Anything herein to the contrary notwithstanding, the obligations of the Borrower under the Notes shall be subject to the limitation that payments of interest shall not be required to the extent that contracting for or receipt thereof would be contrary to provisions of any law applicable to the Lender limiting the highest rate of interest which may be lawfully contracted for, charged or received by the Lender.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

GLOBAL PARTNERS UNITED, LLC

By: *Don Allen Moore*  
Its: *Chairman / CEO*

BIXBY ENERGY SYSTEMS, INC.

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

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

GLOBAL PARTNERS UNITED, LLC

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

BIXBY ENERGY SYSTEMS, INC.

By: *Ronald B. Law*  
Its: CEO/SECRETARY

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6027754v5

**EXHIBIT A**

(Form of Draw Request)

**DRAW REQUEST**

The undersigned, an officer of the Borrower, hereby certifies as follows:

(a) At the date hereof, no Event of Default under the Loan Agreement or under any of the other Loan Documents has occurred and is continuing, and no event has occurred which, upon the service of notice and/or the lapse of time, would constitute an Event of Default thereunder, except the following: \_\_\_\_\_.

(b) The representations and warranties set forth in Section 5 of the Loan Agreement are hereby reaffirmed and restated, and the undersigned represents and warrants to the Lender that the same are true, correct and complete on the date hereof, except as to the following: \_\_\_\_\_.

© The purpose of the Advance is as follows: \_\_\_\_\_.

The undersigned authorizes and requests the Lender to charge the total amount of \$ \_\_\_\_\_ against the Loan and to advance from the proceeds of [Term Note No. 2] [Term Note No. 3] the funds hereby requested, and to make or authorize disbursement of said funds to or for the account of the persons or firms and in amounts up to, but not exceeding, the amount listed above, subject to the requirements of and in accordance with the procedures provided in the Loan Agreement. The Advance made pursuant to this Draw Request is acknowledged to be an accommodation to the Borrower and is not a waiver by the Lender of any Event of Default under the Loan Documents or any other claims of the Lender against the Borrower.

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

Date: \_\_\_\_\_



**SCHEDULE 5.D.**

(Litigation)

The following is a list of claims in litigation that may have a material impact on Bixby that are known to Bixby as of May 20, 2011:

1. Bixby Energy Systems, Inc. v. Alfred Sherman Aaron and Industrial Process Solutions, Inc. – Hennepin County District Court (counterclaims asserted on behalf of the defendants related to development and manufacturing agreements)
2. Dennis L. Holland, et al. v. Bixby Energy Systems, Inc. and Robert A. Walker – Hennepin County District Court (breach of contract claim asserted against Bixby by creditors)

PATENT

REEL: 038589 FRAME: 0862

**SCHEDULE 5.F.**

(Defaults under Material Agreements)

The management of the Borrower believes that there may be defaults under various material agreements including the prior agreements with the Lender. Based on the current situation of the Borrower, it is difficult to determine which of these defaults might have a material adverse impact on the Borrower.

**SCHEDULE 7.A.(5)**

(Final Judgments for Payment of Money)

The following is the result of a judgment search performed May 26, 2011:

3. Straight River Cable Inc vs. Bixby Energy Systems, Inc. (Case No. 27-CV-08-2653)  
Debtor: Bixby Energy Systems, Inc.  
Creditor: Straight River Cable Inc  
Location: Hennepin County  
Amount: \$18,514.70  
Entered: December 19, 2007

**PATENT**

**REEL: 088589 FRAME: 0874**

**TERM NOTE NO. 1**

**\$1,800,000.00**

**Minneapolis, Minnesota  
May 20, 2011**

1. FOR VALUE RECEIVED, BIXBY ENERGY SYSTEMS, INC., a Delaware corporation (the "Borrower"), hereby promises to pay to the order of GLOBAL PARTNERS UNITED, LLC, a Nevada limited liability company (the "Lender"), at c/o Kendall Brill & Klieger LLP, 10100 Santa Monica Blvd., Suite 1725, Los Angeles, CA 90067, the principal sum of ONE MILLION EIGHT HUNDRED THOUSAND AND 00/100 DOLLARS (\$1,800,000.00), which amount has been advanced by the Lender to or for the benefit of the Borrower and which remains unpaid, in lawful money of the United States and immediately available funds and which is not accruing interest (other than default interest as set forth herein).
2. The full amount of principal plus any accrued late payment charge under Section 5 or default interest under Section 6 hereon shall be due and payable on November 1, 2012 (the "Maturity Date"). Commencing with the sale of the nineteenth (19<sup>th</sup>) Unit under the License Agreement (as those terms are defined herein), and contemporaneously with the sale of each Unit thereafter, the Borrower shall pay to the Lender, as a mandatory prepayment of this Note, the principal sum of \$100,000 (the "Required Principal Payment"). As used herein, "Unit" has the meaning set forth in that certain Revised and Restated Exclusive License and Strategic Cooperation Agreement dated as of May 20, 2011, by and among the Lender, the Borrower and Global Partners United LTD (the "License Agreement"). The Lender is hereby authorized to deduct the Required Principal Payment from the Royalty Fee (as defined in the License Agreement) due in connection with a Unit sale under the License Agreement and apply the same to this Note.
3. The outstanding principal balance of this Note may be prepaid at any time at the option of the Borrower, in whole or in part, without penalty or premium.
4. All payments and prepayments shall, at the option of the Lender, be applied first to any costs of collection, second to any late charges, third to default interest on this Note, if any, and lastly to principal.
5. In the event the Borrower shall fail to pay any installment due hereunder (including, without limitation, the final installment on the Maturity Date) within ten (10) days after the due date thereof, the Borrower shall pay to the Lender a late payment premium in an amount equal to five percent (5.00%) of the aggregate delinquent amount.
6. Notwithstanding anything to the contrary contained herein, at all times after an Event of Default (as defined in the Loan Agreement defined herein) has occurred and is continuing, interest shall accrue on amounts outstanding hereunder at a rate equal to five percent (5.00%) per annum. Default interest hereunder shall be calculated on the basis of a year of three hundred sixty (360) days but charged on the basis of the actual number of days principal is unpaid.

**PATENT**

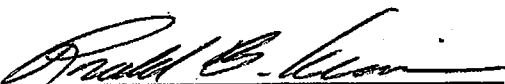
**REEL: 038589 FRAME: 0872**

7. Notwithstanding anything to the contrary contained herein, if the rate of interest, late payment fee or any other charges or fees due hereunder are determined by a court of competent jurisdiction to be usurious, then said interest rate, fees and/or charges shall be reduced to the maximum amount permissible under applicable Minnesota law.
8. This Note is subject to the terms and conditions of that certain Loan Agreement of even date herewith by and between the Lender and the Borrower (the "Loan Agreement"), and secured pursuant to that certain Security Agreement of even date herewith executed by the Borrower in favor of the Lender (the "Security Agreement"), and the Lender is entitled to all the benefits provided in the Security Agreement. This Note is Term Note No. 1 as defined in the Loan Agreement.
9. Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned thereto in the Loan Agreement.
10. Upon the occurrence of an Event of Default or at any time thereafter, the outstanding principal balance hereof and accrued interest and all other amounts due hereon shall, at the option of the Lender, become immediately due and payable, without notice or demand.
11. Upon the occurrence of an Event of Default or any time thereafter, the Lender shall have the right to set off any and all amounts due hereunder by the Borrower to the Lender against any indebtedness or obligation of the Lender to the Borrower.
12. Upon the occurrence of an Event of Default or at any time thereafter, the Borrower promises to pay all costs of collection of this Note, including but not limited to attorneys' fees, paid or incurred by the Lender on account of such collection, whether or not suit is filed with respect thereto and whether such cost or expense is paid or incurred, or to be paid or incurred, prior to or after the entry of judgment.
13. Demand, presentment, protest and notice of nonpayment and dishonor of this Note are hereby waived.
14. This Note shall be governed by and construed in accordance with the laws of the State of Minnesota, without giving effect to the choice of law provisions thereof.
15. The Borrower hereby irrevocably submits to the jurisdiction of any Minnesota state court or federal court over any action or proceeding arising out of or relating to this Note, the Loan Agreement, the Security Agreement and any instrument, agreement or document related hereto, and the Borrower hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Minnesota state or federal court. The Borrower hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The Borrower agrees that judgment final by appeal, or expiration of time to appeal without an appeal being taken, in any such action or proceeding shall be conclusive and may be enforced in any other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Paragraph shall affect the right of the Lender to serve legal process in any other manner permitted by law or affect the right of the Lender to bring any action or proceeding against the Borrower or its property in the courts of any other jurisdiction to the extent permitted by law.

16. THE BORROWER WAIVES ITS RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED ON, ARISING FROM OR RELATED TO THIS NOTE, THE LOAN AGREEMENT, THE SECURITY AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS NOTE, THE LOAN AGREEMENT OR THE SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENTS, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE BORROWER AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE BORROWER FURTHER AGREES THAT ITS RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING THAT SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS NOTE. THIS WAIVER SHALL APPLY TO ANY FUTURE AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS NOTE.

BORROWER:

BIXBY ENERGY SYSTEMS, INC.

By:   
Its: CEO / SECRETARY

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**TERM NOTE NO. 2  
(Completion Loan)**

\$2,600,000.00

Minneapolis, Minnesota  
May 20, 2011

1. FOR VALUE RECEIVED, BIXBY ENERGY SYSTEMS, INC., a Delaware corporation (the "Borrower"), hereby promises to pay to the order of GLOBAL PARTNERS UNITED, LLC, a Nevada limited liability company (the "Lender"), at c/o Kendall Brill & Klieger LLP, 10100 Santa Monica Blvd., Suite 1725, Los Angeles, CA 90067, the principal sum of TWO MILLION SIX HUNDRED THOUSAND AND 00/100 DOLLARS (\$2,600,000.00), or so much thereof as has been or may be advanced by the Lender to or for the benefit of the Borrower and which remains unpaid, in lawful money of the United States and immediately available funds and which is not accruing interest (other than default interest as set forth herein).
2. The full amount of principal plus any accrued late payment charge under Section 5 or default interest under Section 6 hereon shall be due and payable on November 1, 2012 (the "Maturity Date"). Commencing with the sale of the nineteenth (19<sup>th</sup>) Unit under the License Agreement (as those terms are defined herein), and contemporaneously with the sale of each Unit thereafter, the Borrower shall pay to the Lender, as a mandatory prepayment of this Note, the principal sum of \$100,000 (the "Required Principal Payment"). As used herein, "Unit" has the meaning set forth in that certain Revised and Restated Exclusive License and Strategic Cooperation Agreement dated as of May 20, 2011, by and among the Lender, the Borrower and Global Partners United LTD (the "License Agreement"). The Lender is hereby authorized to deduct the Required Principal Payment from the Royalty Fee (as defined in the License Agreement) due in connection with a Unit sale under the License Agreement and apply the same to this Note. Notwithstanding the foregoing, the Required Principal Payments hereunder will not be in addition to amounts required to be paid under Term Note No. 1 and application of such Required Principal Payments shall be made on this Note after Term Note No.1 has been paid in full.
3. The outstanding principal balance of this Note may be prepaid at any time at the option of the Borrower, in whole or in part, without penalty or premium.
4. All payments and prepayments shall, at the option of the Lender, be applied first to any costs of collection, second to any late charges, third to default interest on this Note, if any, and lastly to principal.
5. In the event the Borrower shall fail to pay any installment due hereunder (including, without limitation, the final installment on the Maturity Date) within ten (10) days after the due date thereof, the Borrower shall pay to the Lender a late payment premium in an amount equal to five percent (5.00%) of the aggregate delinquent amount.

**PATENT**

**REEL: 038589 FRAME: 0878**

6. Notwithstanding anything to the contrary contained herein, at all times after an Event of Default (as defined in the Loan Agreement defined herein) has occurred and is continuing, interest shall accrue on amounts outstanding hereunder at a rate equal to five percent (5.00%) per annum. Default interest hereunder shall be calculated on the basis of a year of three hundred sixty (360) days but charged on the basis of the actual number of days principal is unpaid.
7. Notwithstanding anything to the contrary contained herein, if the rate of interest, late payment fee or any other charges or fees due hereunder are determined by a court of competent jurisdiction to be usurious, then said interest rate, fees and/or charges shall be reduced to the maximum amount permissible under applicable Minnesota law.
8. This Note is subject to the terms and conditions of that certain Loan Agreement of even date herewith by and between the Lender and the Borrower (the "Loan Agreement"), and secured pursuant to that certain Security Agreement of even date herewith executed by the Borrower in favor of the Lender (the "Security Agreement"), and the Lender is entitled to all the benefits provided in the Security Agreement. This Note is Term Note No. 2 as defined in the Loan Agreement.
9. Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned thereto in the Loan Agreement.
10. Upon the occurrence of an Event of Default or at any time thereafter, the outstanding principal balance hereof and accrued interest and all other amounts due hereon shall, at the option of the Lender, become immediately due and payable, without notice or demand.
11. Upon the occurrence of an Event of Default or any time thereafter, the Lender shall have the right to set off any and all amounts due hereunder by the Borrower to the Lender against any indebtedness or obligation of the Lender to the Borrower.
12. Upon the occurrence of an Event of Default or at any time thereafter, the Borrower promises to pay all costs of collection of this Note, including but not limited to attorneys' fees, paid or incurred by the Lender on account of such collection, whether or not suit is filed with respect thereto and whether such cost or expense is paid or incurred, or to be paid or incurred, prior to or after the entry of judgment.
13. Demand, presentment, protest and notice of nonpayment and dishonor of this Note are hereby waived.
14. This Note shall be governed by and construed in accordance with the laws of the State of Minnesota, without giving effect to the choice of law provisions thereof.
15. The Borrower hereby irrevocably submits to the jurisdiction of any Minnesota state court or federal court over any action or proceeding arising out of or relating to this Note, the Loan Agreement, the Security Agreement and any instrument, agreement or document related hereto, and the Borrower hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Minnesota state or federal court. The Borrower hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The Borrower agrees that

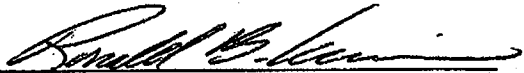


judgment final by appeal, or expiration of time to appeal without an appeal being taken, in any such action or proceeding shall be conclusive and may be enforced in any other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Paragraph shall affect the right of the Lender to serve legal process in any other manner permitted by law or affect the right of the Lender to bring any action or proceeding against the Borrower or its property in the courts of any other jurisdiction to the extent permitted by law.

16. THE BORROWER WAIVES ITS RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED ON, ARISING FROM OR RELATED TO THIS NOTE, THE LOAN AGREEMENT, THE SECURITY AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS NOTE, THE LOAN AGREEMENT OR THE SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENTS, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE BORROWER AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE BORROWER FURTHER AGREES THAT ITS RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING THAT SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS NOTE. THIS WAIVER SHALL APPLY TO ANY FUTURE AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS NOTE.

BORROWER:

BIXBY ENERGY SYSTEMS, INC.

By:   
Its: CFO / SECRETARY

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