

PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

EPAS ID: PAT5625933

SUBMISSION TYPE:	NEW ASSIGNMENT	
NATURE OF CONVEYANCE:	RELEASE OF SECURITY INTEREST	
CONVEYING PARTY DATA		
Name		Execution Date
BANK OF MONTREAL		12/19/2018
RECEIVING PARTY DATA		
Name:	H2O INNOVATION USA, INC.	
Street Address:	330, RUE ST-VALLIER EST. SUITE 340	
City:	QUEBEC, QUEBEC	
State/Country:	CANADA	
Postal Code:	G1K 9C5	
PROPERTY NUMBERS Total: 4		
Property Type	Number	
Patent Number:	6572774	
Patent Number:	6613229	
Patent Number:	7276155	
Patent Number:	D452295	
CORRESPONDENCE DATA		
Fax Number:	(202)280-1177	
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>		
Phone:	904 247-2620	
Email:	eastdocket@holleymenker.com	
Correspondent Name:	JAMES R. MENKER, HOLLEY & MENKER, P.A.	
Address Line 1:	PO BOX 331937	
Address Line 4:	ATLANTIC BEACH, FLORIDA 32233	
NAME OF SUBMITTER:	JAMES R. MENKER	
SIGNATURE:	/JMENKER/	
DATE SIGNED:	07/18/2019	
Total Attachments: 15		
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December 19, 2018

To: H₂O Innovation Inc. (the "**Borrower**")

And to: Piedmont Pacific Inc., H₂O Operation & Maintenance Inc., H₂O Innovation USA Holding, Inc., Utility Partners, LLC, H₂O Innovation USA, Inc., Piedmont Pacific Corporation and Professional Water Technologies (collectively, the "**Guarantors**", and each, a "**Guarantor**")

And to: National Bank of Canada, as lender in respect of the credit facilities to be made available to the Borrower (the "**New Lender**")

And to: Export Development Canada ("**EDC**")

Re: Payout Process of Credit Facilities and Discharge of Security

Dear Sirs and Mesdames:

Reference is made to the financing offer with Bank of Montréal (the "**Lender**") dated as of June 7, 2017 (as amended since then, including on September 28, 2017, October 17, 2017 and July 9, 2018, the "**Existing Credit Agreement**").

The Lender has been advised that all outstanding indebtedness and other obligations owing or to become owing by the Borrower to the Lender pursuant to the Existing Credit Agreement, including the continuing obligations listed on Schedule B attached hereto (the "**Continuing Obligations**"), are to be paid out or, in the case of the Continuing Obligations, provided for in full and hereby confirms that, as of December 19, 2018 (the "**Payoff Date**"), the outstanding principal balance, interest, and other sums (including the Continuing Obligations) due or to become due to the Lender (collectively, the "**Obligations**") pursuant to the Existing Credit Agreement and the other credit documents related thereto (collectively, the "**Credit Documents**") are as follows:

In respect of the Obligations under the Existing Credit Agreement which shall not be Continuing Obligations:

- Total owing under Facility A, Facility C, Facility G, Facility H, Facility I, Facility 9 (which was already paid down to nil) and Facility J (which was already paid down to nil), save for (i) estimated reserves for cheques in circulation and other debits outstanding that will be covered until February 1, 2019 (as described below) (the "**Reserve for Cheques in Circulation and Other Debits Outstanding**") and letters of credit and letters of guarantee which are Continued Obligations: CAD\$5,601,613.05 and US\$3,636,084.83 (see Schedule A).
- The Reserve for Cheques in Circulation and Other Debits Outstanding for all Facilities, the terms and conditions of which is described below, is for an amount of: CAD\$702,080.00 and US \$81,785.00 (see Schedule A under the heading "*Estimé des chèques et autres debits en circulation*").

In respect of the Obligations under the Existing Credit Agreement which are Continuing Obligations, please see the list and terms and conditions at Annex B.

The total of the Obligations under the Existing Credit Agreement which shall not be Continuing Obligations as reflected above, being CA\$6,303,693.05 and US\$3,717,869.83, is referred to collectively in this letter as the "**Payoff Amount**". The Lender hereby certifies that the Payoff Amount represents, subject to the settlement of the Continuing Obligations, all indebtedness and other obligations owing or to become owing under or pursuant to the Existing Credit Agreement and the other Credit Documents.

If the Lender does not receive the Payoff Amount by 4:00 p.m. (Montréal time) on the Payoff Date, thereafter additional amounts *per diem* of CA\$698.17 and US\$99.22 will be added to form part of the Payoff Amount. If the principal balance of the Obligations changes following the date hereof, the Lender agrees shall as promptly as possible deliver to the addressees of this letter a substitute letter in substantially the same form as this letter revised to reflect the adjusted Payoff Amount.

The Lender agrees to keep the Borrower's Canadian bank accounts numbers 34841001628 and 34841001644 and US bank account number 34844600115 (the "**Continuing Bank Accounts**") open until February 1, 2019 at 5:00 p.m. (the "**Accounts Closing Date**"), after which time said Continuing Bank Accounts will be closed and no transactions will be accepted in respect of same, and no cheques or deposits will be honoured in respect of same. The Borrower understands that it is responsible for ensuring that (i) the Reserve for Cheques in Circulation and Other Debits Outstanding will adequately cover all of the transactions involving the Continuing Bank Accounts up until the Accounts Closing Date, and (ii) only the payments appearing on the list provided to the Lender are charged to the Continuing Bank Accounts and /or that any other charges are covered by subsequent transfers. The Lender will not be responsible for any shortages of funds due to the omission of any payment from such list or any subsequent charge that results in payments being drawn on the Continuing Bank Accounts but for which insufficient funds remain.

Effective upon receipt by the Lender of immediately available funds equal to the Payoff Amount, plus funds in the amount of CA\$272,750- (which, for greater certainty, includes the CA\$250,000 cash collateral which the Lender already holds for the Corporate MasterCard line of credit) and US\$31,199 to be held as cash collateral (i) for and to be applied against the Continuing Obligations as and when they become due; and (ii) to secure the Continuing Obligations (the "**Cash Collateral**"), and the additional *per diem* amounts, if any:

- (a) except for the Obligations outstanding under the Corporate MasterCard line of credit and the letters of credit, letters of guarantee forming part of the Continuing Obligations, each detailed at Schedule B hereto, and where applicable, at Exhibit 1 thereof, the Lender acknowledges and agrees that the Borrower has repaid all of the Obligations in full;
- (b) except for treatment of cheques in circulation and deposits related to the Continuing Bank Accounts described above, the Corporate MasterCard line of credit forming part of the Continuing Obligations which will be deemed effectively terminated as of January 14, 2019 and the letters of credit and letters of guarantee issued pursuant to the Existing Credit Agreement and remaining in force as Continuing Obligations, the Lender acknowledges and agrees that all credit and loan facilities under the Existing Credit Agreement are terminated and

the Borrower will not be permitted to make any further loans or advances under the Existing Credit Agreement; and

- (c) other than the Cash Collateral in support of the Continuing Obligations, the Lender releases and forever discharges in full (without any further action by any person) the Borrower and the Guarantors from any and all assignments, mortgages, charges, pledges, liens, hypothecs, security created under the *Bank Act* (Canada), encumbrances securing or in effect securing any obligation, conditional sale or title retention agreement or security interest whatsoever, howsoever created or arising, whether absolute or contingent, fixed or floating, legal or equitable, perfected or not (collectively the "**Security**") held by or granted to the Lender with respect to any indebtedness or liability of the Borrower and the Guarantors including, without limitation, the Security described in Schedule C hereto, and effective immediately such Security ceases to be of any further force or effect;
- (d) the Lender hereby releases each of the Guarantor from all obligations pursuant to its respective guarantee;
- (e) the Lender hereby releases and will execute all further documents needed to release any interest it may hold in all insurance policies of the Borrower and the Guarantors, including those set forth on Schedule D hereto; and
- (f) the Lender hereby releases EDC from all obligations under the EDC guarantees with approval reference numbers 880-62147, 880-62148, 880-63507 and 880-68268. The Lender hereby covenants and agrees to execute a release document in favor of EDC releasing EDC from such obligations, substantially in the form of Schedule E attached hereto.

For greater certainty, the Lender agrees that (i) the Security held or granted to the Lender with respect to the Cash Collateral are released and forever discharged in full effective upon the expiration or termination of the Continuing Obligations; (ii) for the purpose of determining receipt in full of the Payoff Amount and the Cash Collateral of the Payoff Date, the amounts received on the Payoff Date include all funds deposited at such date in a bank account of the Borrower or the Guarantors held at a branch of the Lender. To this effect, the Lender is authorized to debit such accounts to pay the Payoff Amount and set up the Cash Collateral.

The Lender agrees promptly to execute and deliver to the Borrower, as they may reasonably request, at the Borrower's expense, registrable discharges and releases, of any Security now held by or in favour of the Lender or any caveat, financing statement, financing change statement or notice in respect thereof held by or in favour of it as direct or indirect security for the Obligations, including, without limitation, those listed in Schedule F attached hereto. Further, the Lender specifically authorizes and directs Borden Ladner Gervais LLP, McCarthy Tétrault LLP, Norton Rose Fulbright Canada LLP and their respective agents to discharge all security registrations made in favour of the Lender against the Borrower, including executing and registering the form attached at Schedule F in the name and on behalf of the Lender.

This Payout Letter shall be binding upon and effective as against the Lender, the Borrower and the Guarantors and their respective successors and assigns and may be relied upon by the Lender, the New Lender, the Borrower and the Guarantors and their respective successors and assigns.

Each of the parties will from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Payout Letter. Any such acts done by the Lender will be at the expense of the Borrower.

This Payout Letter is governed by and will be construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein.

The parties hereto have expressly required that this Payout Letter and all deeds, documents and notices relating thereto be in the English language. *Les parties aux présentes ont expressément exigé que la présente lettre et tous les autres actes, documents ou avis qui y sont afférents soient rédigés en langue anglaise.*

Very truly yours,

BANK OF MONTREAL

Per:


Deborah Conroy, Senior Accounts Manager

**Schedule A
Payoff Amount**

(see attached)

BMO Banque de Montréal

105, rue Saint-Jacques O. 8^e Étage
Montréal (Québec) H2Y 1L6

Client: H2O Innovation Inc.

ÉTAT DE COMPTE POUR REMBOURSEMENT

DATE: 19 décembre 2018

en dollars canadienne				en dollars US			
BMO Taux prime: 3.95%				Taux de base (E.U.)			
total							
Número de compte prêt	Taux	P +	plus prime	CAPITAL	INTÉRÊT	PER DIEM	PER DIEM
3484-1001-628 marge de crédit**	1.00%		4.950%	\$738,334.68	\$0.00	\$100.13	
3484-1001-636 marge de crédit**	1.00%		4.950%	\$1,783,905.99	\$4,354.69	\$241.93	
3484-4600-115 marge de crédit**	1.00%		5.750%				\$340.53
3484-4600-123 marge de crédit**	1.00%		5.750%				\$109.74
Prêt à demande Facilité I	1.50%		5.450%	\$3,055,555.36	\$8,212.33	\$456.24	
Prêt à demande Facilité H	1.00%		5.750%				\$141.78
TOTAL:				\$5,577,796.03	\$12,567.02	\$798.30	\$892.05

**À NOTER QUE LES SOLDES DES MARGES DE CRÉDIT N'INCLUENT PAS LES CHÈQUES ET AUTRES ARTICLES DE DÉBIT EN CIRCULATION.

Frais Professionnelle \$ 10,000.00
Capital et Intérêts \$ 5,590,363.05
plus frais mensuellement de marge de crédit \$ 1,250.00

Remboursement avant chèques et autres débits en circulation: \$ 5,601,613.05 CDN
Estimé des chèques et autres débits en circulation: \$ 702,080.00
Payout \$ 6,303,693.05 CDN

\$3,636,084.83

\$ 3,636,084.83 US
\$ 81,785.00
\$ 3,717,869.83 US

Ces soldes n'incluent pas les soldes dû pour les cartes de crédit, lettres de crédit et lettres de garanties.

PATENT

REEL: 049795 FRAME: 0594

Schedule B
Continuing Obligations

1. The Lender already holds Cash Collateral for the Corporate MasterCard line of credit of CA\$250,000. The Lender hereby acknowledges and agrees that all credit under the Existing Credit Agreement will be deemed effectively terminated on January 14, 2019 (or at earlier date at the Borrower's request) and that the Borrower will not be permitted to make any further loans or advances under the Corporate MasterCard line of credit after such date. No part of the cash collateral held for the Obligations under this Corporate MasterCard line of credit will be returned to the Borrower until all Obligations owing to the Lender under this Corporate MasterCard line of credit are fully repaid. The Lender may impute and set off the cash collateral to the Obligations under this Corporate MasterCard line of credit starting on February 1, 2019, should the Lender not have received payment therefor in any other manner; and
2. The letters of credit and letters of guarantee listed in Exhibit 1 fall under two headings:
 - Letters of credit and letters of guarantee (the "**Continuing L/Cs and L/Gs With Full EDC Guarantees**") backed by a 100% guarantee from Export Development Bank of Canada ("**EDC**") in favour of the Lender and for which no Cash Collateral needs to be provided: See Exhibit 1.
 - Letters of credit and letters of guarantee (the "**Continuing L/Cs and L/Gs With Cash Collateral**") which are not backed by a 100% guarantee from EDC in favour of the Lender and for which Cash Collateral needs to be provided: See Exhibit 1.

Total amount of Cash Collateral required as of the Payoff Date is CA\$272,750 and US\$31,199.

EXHIBIT 1

(see attached)

Continuing L/Cs and L/Gs With Full EDC Guarantees

[illegible][illegible]

EXHIBIT 1 TO SCHEDULE B: CONTINUING LETTERS OF CREDIT AND LETTERS OF GUARANTEE

Continuing L/Cs and L/Gs With Cash Collateral

Name (Entity No.)	Limit USD	UEN	Acct Off 1	Acct Off 2	Counterparty Y	Instr. ID	Product	Product Type	Start Date	Expiry Date	Purpose Type	Auto Ext Ind	Extend #	Disc Ind	Instr Cur	Instr Face Amt	Out Lib Amt	Portion not covered by an ELC guarantee
		284422	PROCOMDA	S-BST	ABUDHBI COMMERCE BANK J.S.C.	810300000	Guarantee	Guarantee	28 Aug 2017	28 Sep 2018	Performance	N			USD	6,724,000	6,724,000	6,724,000
		304422	PROCOMDA	S-BST	SEC EDITE SAH VALLER	810300000	Standby LC	Standby LC	05 Jan 2017	31 Dec 2018	Financial	Y	1		CAD	98,000,000	98,000,000	23,750,000
		304522	PROCOMDA	R-BST	DOXBH HEAVY INDUSTRIES AND	810300000	Standby LC	Standby LC	04 Apr 2018	27 Dec 2018	Performance	N			USD	24,475,000	24,475,000	24,475,000
ALCO INNOVATION INC. (FACOR)																		
Instrument C																		
8																		
8,000,000 CAD 22,750,000 USD 31,400,000																		

**Schedule C
Security**

Québec

Movable Property

Deed of movable hypothec in favour of the Lender registered at the Register of Personal and Movable Real Rights ("RPMRR") on July 10, 2018 under number 18-0745253-0002.

Deed of movable hypothec in favour of the Lender registered at the RPMRR on July 10, 2018 under number 18-0745253-0001.

Deed of movable hypothec in favour of the Lender registered at the RPMRR on July 10, 2018 under number 18-0745253-0002.

Deed of movable hypothec in favour of the Lender registered at the RPMRR on May 20, 2015 under number 15-0452146-0001.

Deed of movable hypothec in favour of the Lender registered at the RPMRR on April 30, 2015 under number 15-0380387-0001.

Deed of movable hypothec in favour of the Lender registered at the RPMRR on April 27, 2015 under number 15-0358066-0001.

Deed of movable hypothec in favour of the Lender registered at the RPMRR on April 20, 2015 under number 15-0334452-0001.

Bank Act:

- | | | |
|-----|----------------------|---|
| (a) | Name: | H ₂ O Innovation Inc. |
| | Registration number: | 01298961 |
| | Expiry date: | December 31, 2020 |
| | Bank: | Bank of Montréal |
| (b) | Name: | H ₂ O Operation & Maintenance Inc. |
| | Registration number: | 01298962 |
| | Expiry date: | December 31, 2020 |
| | Bank: | Bank of Montréal |

Ontario

Financing Statement registered under the *Personal Property Security Act* (Ontario) under registration number 20150420142917934098 and reference file number 705256758.

Alberta

Financing Statement registered under the *Personal Property Security Act* (Alberta) under registration number 15042019618.

United States

UCC-1 Financing Statement (State of Delaware) filed on July 21, 2016 under registration number 20164408637 (in favour of the Lender).

UCC-1 Financing Statement (State of California) filed on April 20, 2015 under registration number 15-7460615176, as amended on July 21, 2016 under number 1675380260 (in favour of the Lender).

UCC-1 Financing Statement (State of Georgia) filed on July 22, 2016 under registration number 0602016-06120 (in favour of the Lender).

IP Security Agreement registered at the United State Patent and Trademark Office ("USPTO") under reel/frame number 035509/0712.

IP Security Agreement registered at the USPTO under reel/frame number 5505/0346.

IP Security Agreement registered at the USPTO under reel/frame number 035509/0904 and 0505/0340.

IP Security Agreement registered at the USPTO under reel/frame number 037175/0116.

IP Security Agreement registered at the USPTO under reel/frame number 039425/0303.

**Schedule D
Insurance**

<u>Name of Insurer</u>	<u>Policy No(s).</u>	<u>Name and Address of Broker</u>
Export Development Canada	CG144350	N/A
XL Insurance Company SE CNA Canada Intact Insurance	CA00001719LI18A MPR2350940 376-1866	EGR inc. 5700, boul. des Galeries, bur. 200 Québec (Québec) G2K 0H5
XL Insurance Company SE XL Insurance Company SE CAN	CA00001719LI18A CA00001720LI18A 6072909646	EGR inc. 5700, boul. des Galeries, bur. 200 Québec (Québec) G2K 0H5

Schedule E
Release – EDC Guarantees

RELEASE

[Date]

Export Development Canada ("EDC")
150 Slater
Ottawa Ontario K1A 1K3
Canada

Re: EDC Guarantee with Approval Reference No. 880-62147, 880-62148, 880-63507, and 880-68268 (each an "EDC Guarantee", collectively the "EDC Guarantees")

Capitalized terms defined in the EDC Guarantee have the same meaning when used herein.

The Institution hereby:

- (i) irrevocably and unconditionally releases, remises and forever discharges EDC from and against any and all claims, demands, obligations, actions, causes of action, suits, charges, covenants, agreements, contracts and liabilities whatsoever, both in law and in equity or by statute, known or unknown, whether implied or expressed, which the Institution ever had, may have or now has, or which the Institution's successors, trustees, assigns or any of them hereinafter can, shall or may have for or by reason of any cause arising under or with regard to the EDC Guarantees (the "Release"), which EDC Guarantees are hereby deemed to expire and be of no further force and effect as of the date hereof notwithstanding its terms; and
- (ii) represents and warrants to and agrees with EDC that the Institution has not assigned or transferred and will not assign or transfer to any other person, firm entity, organization or corporation any of the claims, demands, rights, actions, causes of action, suits, charges, executions or damages which are or become subject to this Release, and that it has not agreed and will not agree to do any of the foregoing.

BANK OF MONTREAL

Name:

Title:

**Schedule F
Discharge Forms**

(see attached)