

WALD 2.2.99

02-10-1999

D

FORM PTO-1594



100962162
RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Bellefonte Lime Company, Inc.

- Individual(s)
- General Partnership
- Corporation - State of Pennsylvania
- Other

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

Name and address of receiving party(ies):

Name: Montreal Trust Company of Canada

Internal Address: _____

Street Address: 510 Burrad Street

City: Vancouver State: British Columbia

Country: Canada ZIP: V6C3B9

3. Nature of conveyance:

- Assignment
- Security Agreement
- Merger
- Change of Name
- Other

Execution Date: December 18, 1998

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporate - State
- Other

If assignee is not domiciled in the United States, a domestic representative is attached Yes No

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

4. Application number(s) or registration number(s):

If this document is being filed together with a new application, the execution date of the application is:

A. Trademark Application No.(s)

B. Trademark Registration No.(s) 525006 and 532029

Additional numbers attached? Yes No

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

Name: James J. Murtha

Internal Address: Orrick, Herrington & Sutcliffe LLP

Street Address: 666 Fifth Avenue

City: New York State: New York ZIP: 10103

6. Total number of applications and applications and registrations involved: [2]

7. Total fee (37 CFR 3.41).....\$ 65.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number: 15-0665

(Attach duplicate copy of this page if paying by deposit account)

02/09/1999 JSHABAZZ 00000014 525006

DO NOT USE THIS SPACE

01 FC:481 40.00 OP
02 FCT482 25.00 OP

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

James J. Murtha
Name of Person Signing

James J. Murtha
Signature

January 27, 1999
Date

Total number of pages including cover sheet, attachments, and document: [20]

PATENT AND TRADEMARK SECURITY AGREEMENT

PATENT AND TRADEMARK SECURITY AGREEMENT, dated as of December 18, 1998 (herein, together with all amendments and supplements hereto, this "Agreement"), between Bellefonte Lime Company, Inc., a Pennsylvania corporation (together with its successors and assigns, the "Debtor"), Montreal Trust Company of Canada, as trustee under the Trust Indenture referred to below (in such capacity the "Trustee") and Montreal Trust Company of Canada, in its capacity as trustee under the CLI Trust Agreement referred to below (in such capacity, the "CLI Trustee") (the Trustee and the CLI Trustee, collectively referred to herein as the "Secured Party") for the benefit of the holders from time to time of the Senior Secured Notes and the BLC Note, respectively, each referred to below (the "Noteholders").

PRELIMINARY STATEMENTS

1. Continental Lime Ltd., a British Columbia corporation ("CLL"), has issued \$(CDN)75,000,000 in aggregate principal amount of its 11.94% Series A Senior Secured Notes due September 30, 2006 (the "Series A Notes"); \$(US)39,000,000 in aggregate principal amount of its 10.30% Series B Senior Secured Notes due September 30, 2006 (the "Series B Notes"); \$(CDN)8,200,000 in aggregate principal amount of its 9.27% Series C Senior Secured Notes due November 30, 2010 (the "Series C Notes"); \$(US)9,000,000 in aggregate principal amount of its 7.31% Series D Senior Secured Notes due November 30, 2010 (the "Series D Notes"); and will issue, on or about the date hereof, \$(US)65,000,000 in aggregate principal amount of its 7.23% Series E Senior Secured Notes due December 18, 2013 (the "Series E Notes," and, together with the Series A Notes, Series B Notes, Series C Notes, Series D Notes and any additional series of senior secured notes which may be issued by CLL from time to time, collectively, the "Senior Secured Notes") under the Trust Indenture (the "Original Indenture"), dated as of September 13, 1991, as supplemented, amended and restated from time to time, including as supplemented by the Eleventh Supplemental Trust Indenture dated as of the date hereof (the Original Indenture, as so supplemented, amended and restated and as the same may be further supplemented, amended or restated from time to time, the "Trust Indenture").
2. The CLI Trustee, the Trustee, Montreal Trust Company of Canada, and Continental Lime Inc., a Utah corporation ("CLI") have entered into a Trust Agreement dated as of the date hereof (as amended, restated, supplemented, or modified from time to time, the "CLI Trust Agreement").
3. Contemporaneously with the issuance of the Series E Notes,

- (a) The Debtor has authorized the issuance and sale to CLI of a 8.75% Secured Note in the principal amount \$(US)35,000,000 due December 18, 2013 (the "BLC Note"); and
- (b) GenLime, Inc., a Delaware corporation ("GI"), has authorized the issuance and sale to CLI of a 8.75% Secured Note in the principal amount \$(US)20,000,000 due December 18, 2013 (the "GI Note").

4. The Debtor has guaranteed the obligations of CLL under the Senior Secured Notes and the Trust Indenture pursuant to a Guarantee dated as of the date hereof in favor of the holders of the Senior Secured Notes and the Trustee (the "Guarantee").

In consideration of the mutual agreements herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, terms which are defined in the Note Purchase Agreements dated as of the date hereof among CLI, the Company, and the purchasers referred to therein (as amended, restated, modified or supplemented from time to time, the "Note Purchase Agreements") and used herein are so used as so defined; and the term "Proceeds" is used as defined in the Uniform Commercial Code in effect in the State of New York on the date hereof. The following terms shall have the following meanings:

"Code" means the Uniform Commercial Code as from time to time in effect in the State of New York.

"Collateral" shall have the meaning assigned to it in Section 2 of this Security Agreement.

"Intellectual Property" means the Trademarks, the Trademark Licenses, the Patents and the Patent Licenses.

"Obligations" means collectively:

- (i) payment to the Trustee and the holders of the Senior Secured Notes of all indebtedness evidenced by and arising under the Guarantee;
- (ii) payment to the CLI Trustee and the holders of the BLC Note of all indebtedness evidenced by and arising under the BLC Note;
- (iii) payment of such further sums and/or performance of such further obligations as the then owner of the Collateral may undertake to pay and/or perform (whether as principal, surety or guarantor), for the benefit of the Secured Party, its successors or assigns, when

said payment and/or obligation to perform is evidenced by a writing or writings reciting that it or they are so secured; and

- (iv) observance and performance of each covenant and obligation of the Debtor contained herein or in the Guarantee or the BLC Note incorporated herein by reference and payment of each fee, cost and expense by the Debtor as herein set forth.

"Patents" means (a) all letters patent of the United States or any other country and all reissues, continuations and extensions thereof, and (b) all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, including, without limitation, any referred to in Schedule II hereto

"Patent License" means all agreements, whether written or oral, providing for the grant by the Debtor, or the grant to the Debtor, of any right to manufacture, use, sell, offer for sale or import any invention covered by a Patent, including, without limitation, any referred to in Schedule III hereto.

"Security Agreement" means this Trademark Security Agreement, as amended, supplemented or otherwise modified from time to time.

"Trademarks" means (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, used by the Debtor, and the goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State or territory thereof or any foreign country, including, without limitation, any referred to in Schedule I hereto, and (b) all renewals thereof, in each case, together with all of the goodwill of the business of the Debtor or any other assets associated therewith and symbolized thereby.

"Trademark License" means any agreement, written or oral, providing for the grant by or to the Debtor of any right to use any Trademark, including, without limitation, any referred to on Schedule III hereto.

2. Grant of Security Interest. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations, the Debtor hereby grants to the Secured Party for the ratable benefit of the Secured Party and the Noteholders a security interest in all of the Debtor's Intellectual Property, whether now owned or at any time hereafter acquired by the Debtor, or in which the Debtor now has or at any time in the future may acquire any right, title or interest and all Proceeds and products of any and all of the foregoing (collectively, the "Collateral").

3. Representations and Warranties. The Debtor hereby represents and warrants to the Secured Party and the Noteholders that:

(a) Title; No Other Liens. Except for the Lien granted to the Secured Party for the ratable benefit of the Noteholders pursuant to this Security Agreement, the Debtor owns each item of the Collateral free and clear of any and all Liens or claims of others, except for such Liens permitted under the Note Purchase Agreements. No security agreement, financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as may have been filed in favor of the Secured Party, for the ratable benefit of the Noteholders, pursuant to this Security Agreement or as may be permitted pursuant to the Note Purchase Agreements. All Intellectual Property is subsisting and has not been adjudged invalid or unenforceable, in whole or in part.

(b) Perfected First-Priority Liens. The Liens granted pursuant to this Security Agreement constitute perfected Liens on the Collateral in favor of the Secured Party, for the ratable benefit of the Noteholders, which are prior to all other Liens on the Collateral created by the Debtor.

(c) Chief Executive Office. The Debtor's major executive office in the United States is located at N. Thomas Street, Bellefonte, PA 16823.

(d) Trademarks. Schedule I hereto describes all Trademarks owned by the Debtor in its own name as of the date hereof and Schedule III describes all Trademark Licenses to which the Debtor is a party. Each Trademark is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set forth in such Schedule, none of such Trademarks is the subject of any licensing or franchise agreement. No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of any Trademark. No action or proceeding is pending (i) seeking to limit, cancel or question the validity of any Trademark, or (ii) which, if adversely determined, would have a material adverse effect on the value of any Trademark.

(e) Patents. Schedule II hereto describes all Patents owned by the Debtor in its own name as of the date hereof and Schedule III describes all Patent Licenses to which the Debtor is a party. Each Patent is valid, subsisting, unexpired, enforceable and has not been abandoned. Except as set forth in such Schedule, none of such Patents is the subject of any licensing or franchise agreement. No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of any Patent. No action or proceeding is pending (i) seeking to limit, cancel or question the validity of any Patent, or (ii) which, if adversely determined, would have a material adverse effect on the value of any Patent.

4. Covenants. The Debtor covenants and agrees with the Secured Party and the Noteholders that, from and after the date of this Security Agreement until the Obligations are paid in full:

(a) Further Actions and Documentation. At any time and from time to time, upon the written request of the Secured Party, and at the sole expense of the Debtor, the Debtor will promptly and duly execute and deliver such further instruments and documents and take such further action as the Secured Party may reasonably request for the purpose of obtaining or preserving the full benefits of this Security Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Uniform Commercial Code in effect in any jurisdiction with respect to the Liens created hereby or any document (including this Security Agreement) with the U.S. Patent and Trademark Office or elsewhere.

The Debtor also hereby authorizes the Secured Party to file any such financing or continuation statement or document without the signature of the Debtor to the extent permitted by applicable law. A carbon, photographic or other reproduction of this Security Agreement shall be sufficient as a financing statement for filing in any jurisdiction. Notwithstanding any of the foregoing within 10 calendar days of the date hereof, the Debtor shall cause the Lien in the Collateral created hereunder to be registered or otherwise recorded (A) in the Debtor's official records and (B) with each Governmental Authority reasonably determined by the Secured Party to be necessary or advisable in order to preserve or protect the first priority of such Lien.

If, before the Obligations shall have been paid in full, the Debtor shall obtain rights to any new trademarks or patents, the provisions of paragraph 2 shall automatically apply thereto and Debtor shall give the Secured Party prompt written notice thereof.

(b) Indemnification. The Debtor agrees to pay, and to save the Secured Party and the Noteholders harmless from, any and all liabilities, costs and expenses (including, without limitation, reasonable legal fees and expenses) incurred by the Secured Party or the Noteholders (i) with respect to, or resulting from, any delay in paying, any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral, (ii) with respect to, or resulting from, any delay in complying with any requirement of law applicable to any of the Collateral, (iii) in connection with any of the transactions contemplated by this Security Agreement (except that the foregoing shall not apply to any such liabilities, costs or expenses resulting from the gross negligence or intentional misconduct of the Secured Party or any Noteholder), (iv) arising out of Debtor's operations of its business from the use of the Trademarks or Patents, or (v) in any suit, proceeding or action brought by Secured Party under any Trademark License or Patent License for any sum owing thereunder, or to enforce any provisions of such license.

(c) Compliance with Laws, etc. The Debtor will comply in all material respects with all Requirements of Law applicable to the Collateral or any part thereof or to the operation of the Debtor's business; *provided, however*, that the Debtor may contest any Requirement of Law in any reasonable manner which shall not, in the reasonable opinion of the Secured Party, adversely affect the Secured Party's or the Noteholders' rights or the priority of the Liens on the Collateral created hereunder.

(d) Payment of Obligations. The Debtor will pay promptly when due all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom, as well as all claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to the Collateral, except that no such charge need be paid if (i) the validity thereof is being contested in good faith by appropriate proceedings, (ii) such proceedings do not involve any material risk of the sale, forfeiture or loss of any of the Collateral or any interest therein and (iii) such charge is adequately reserved against on the Debtor's books in accordance with GAAP.

(e) Limitation on Liens on Collateral. The Debtor will not create, incur or permit to exist, will defend the Collateral against, and will take such other action as is necessary to remove, any Lien or claim on or to the Collateral, other than the Liens created hereby and Liens permitted under the Note Purchase Agreements, and will defend the right, title and interest of the Secured Party and the Noteholders in and to any of the Collateral against the claims and demands of all Persons whomsoever.

(f) Limitations on Dispositions of Collateral. The Debtor will not sell, assign, transfer, lease, grant a non-exclusive license in the Collateral or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so, without the prior written consent of the Secured Party or except as, and to the extent permitted, in the Note Purchase Agreements.

(g) Notices. The Debtor will advise the Secured Party promptly, in reasonable detail, at its address set forth in the Trust Indenture, (i) of any Lien (other than Liens created hereby or permitted under the Note Purchase Agreements) on, or claim asserted against, any of the Collateral and (ii) of the occurrence of any other event which would reasonably be likely to have a material adverse effect on the aggregate value of the Collateral or on the Liens created hereunder.

(h) Changes in Locations, Name, etc. The Debtor will not without at least 30 days' prior written notice to the Secured Party (i) change the location of its chief executive office/chief place of business from that specified in Section 3(c) or (ii) change its name, identity or corporate structure to such an extent that any financing statement filed by the Secured Party in connection with this Security Agreement would become seriously misleading.

(i) Patents and Trademarks.

(i) The Debtor will, except with respect to any Trademark or Patent that the Debtor shall reasonably determine is of negligible economic value to it, (i) continue to use each Trademark in connection with its business in order to maintain such Trademark in full force and effect, free from any claim of abandonment for non-use, (ii) maintain as in the past the quality of products and services offered in connection with such Trademark, (iii) employ such Trademark and Patent with the appropriate notice of registration, (iv) not adopt or use any mark which is confusingly similar to, or a colorable imitation of, such Trademark unless the Secured Party, for the benefit of the Noteholders, shall obtain a perfected security interest in such mark pursuant to this Security Agreement, and (v) not do or permit to be done any act or knowingly omit to do or cause to be done any act whereby any Trademark or Patent may become invalidated.

(ii) The Debtor will notify the Secured Party and the Noteholders immediately if it knows, or has reason to know, that any application or registration relating to any Patent or any Trademark may become abandoned or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or elsewhere) regarding the Debtor's ownership of any Patent or any Trademark or its right to register the same or to keep and maintain the same.

(iii) Whenever the Debtor, either by itself or through any Secured Party, employee, licensee or designee, shall file an application for the registration of any Patent or any Trademark with the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, the Debtor shall report such filing to the Secured Party within five (5) Business Days after the last day of the fiscal quarter in which such filing occurs. Upon request of the Secured Party, the Debtor shall execute and deliver any and all agreements, instruments, documents, and papers as the Secured Party may request to evidence the Secured Party's and the Noteholders' security interest in any Patent or any Trademark and the goodwill and general intangibles of the Debtor relating thereto or represented thereby, and the Debtor hereby constitutes the Secured Party its attorney-in-fact to execute and file all such writings for the foregoing purposes, to the extent permitted by applicable law, all acts of such attorney being hereby ratified and confirmed; such power being coupled with an interest is irrevocable until the Obligations are paid in full.

(iv) The Debtor will take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States

Patent and Trademark Office, or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the Patents and the Trademarks, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(v) In the event that any Patent or Trademark included in the Collateral is infringed, misappropriated or diluted by a third party in any manner that would diminish the value thereof in any material respect, the Debtor shall promptly notify the Secured Party after it learns thereof and shall, unless the Debtor shall reasonably determine that such Patent or Trademark is of negligible economic value to the Debtor, which determination the Debtor shall promptly report to the Secured Party, promptly sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as the Debtor shall reasonably deem appropriate under the circumstances to protect such Patent or Trademark.

(j) Assignment of Licenses. Upon and during the continuance of an Event of Default and at the reasonable request of the Secured Party, the Debtor shall use its reasonable efforts to obtain all requisite consents or approvals by the licensor of each Patent License and each Trademark License to effect the assignment of all of the Debtor's rights, title and interest thereunder to the Collateral Secured Party or its designee.

5. Secured Party's Appointment as Attorney-in-Fact.

(a) Powers. The Debtor hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor and in the name of the Debtor or in its own name, from time to time in the Secured Party's discretion, for the purpose of carrying out the terms of this Security Agreement to the extent permitted by applicable law, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement, and, without limiting the generality of the foregoing, the Debtor hereby gives the Secured Party, to the extent permitted under the Trust Indenture, the power and right, on behalf of the Debtor, without notice to or assent by the Debtor, to do the following:

(i) at any time when any Event of Default shall have occurred and is continuing, in the name of the Debtor or its own name, or otherwise, to take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys constituting Proceeds of the Collateral and to file any claim or to take any

other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Secured Party for the purpose of collecting any and all such moneys whenever payable;

(ii) if the Debtor shall have failed to do the same, to pay or discharge taxes and Liens levied or placed on or threatened against the Collateral;

(iii) upon the occurrence and during the continuance of any Event of Default, (A) to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Secured Party or as the Secured Party shall direct; (B) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (C) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any thereof and to enforce any other right in respect of any Collateral; (D) to defend any suit, action or proceeding brought against the Debtor with respect to any Collateral; (E) to settle, compromise or adjust any suit, action or proceeding described in clause (D) above and, in connection therewith, to give such discharges or releases as the Secured Party may deem appropriate; and (G) generally, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Secured Party were the absolute owner thereof for all purposes, and to do, at the Secured Party's option and the Debtor's expense, at any time, or from time to time, all acts and things that the Secured Party deems necessary to protect, preserve or realize upon the Collateral and the Liens thereon created hereunder and to effect the intent of this Security Agreement, all as fully and effectively as the Debtor might do;

(iv) if the Debtor obtains new rights in any patent or trademark, to modify this Security Agreement by amending Schedule I or Schedule II to include any future trademarks or patents, including trademark or patent registrations or applications appurtenant thereto covered by this Security Agreement.

The foregoing power of attorney is a power coupled with an interest and shall be irrevocable.

(b) Other Powers. The Debtor also authorizes the Secured Party, at any time and from time to time, to execute, in connection with the sale provided for in Section 8 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(c) No Duty on Secured Party. The powers conferred on the Secured Party hereunder are solely to protect the Secured Party's and the Noteholders' interests in the Collateral and shall not impose any duty upon the Secured Party to exercise any such powers. Neither the Secured Party nor any of its officers, directors, employees or agents shall be responsible to the Debtor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

6. Performance by Secured Party of Debtor's Obligations. If the Company fails to perform or comply with any of its agreements contained herein and the Secured Party, as provided for by the terms of this Security Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of the Secured Party incurred in connection with such performance or compliance shall be payable by the Debtor to the Secured Party on demand and shall constitute Obligations secured hereby.

7. Proceeds. It is agreed that if an Event of Default shall occur and be continuing (a) all Proceeds received by the Debtor consisting of cash, checks and other near-cash items shall be held by the Debtor in trust for the Secured Party and the Noteholders, segregated from other funds of the Debtor, and shall, at the request of the Secured Party forthwith upon receipt by the Debtor, be turned over to the Secured Party in the exact form received by the Debtor (duly indorsed by the Debtor to the Secured Party, if required), and (b) any and all such Proceeds received by the Secured Party (whether from the Debtor or otherwise) may, in the sole discretion of the Secured Party, be held by the Secured Party for the ratable benefit of the Noteholders as collateral security for, and/or then or at any time thereafter may be applied by the Secured Party against, the Obligations (whether matured or unmatured), such application to be in such order as the Secured Party shall elect. Any balance of such Proceeds remaining after the Obligations shall have been paid in full shall be paid over to the Debtor or to whomsoever may be lawfully entitled to receive the same.

8. Remedies.

In case any one or more Events of Default shall at any time occur and be continuing, and whether or not any acceleration of the maturity of the amounts due in respect of any of the Obligations shall have occurred, then, to the fullest extent permitted by applicable law and the Trust Indenture:

(a) The Secured Party shall have, in addition to all other rights and remedies given to the Secured Party by the Trust Indenture, the CLI Trust Agreement or the Guarantee and otherwise allowed by law, the rights and remedies of a secured party under the *Personal Property Security Act* (British Columbia), the Uniform Commercial Code as enacted in any jurisdiction or the laws of any other jurisdiction in which the Collateral may be located, and, without limiting the generality of the foregoing, the Secured Party may immediately, without (to the fullest extent permitted by law) demand of performance or advertisement or notice of intention to sell or of the time or place of sale or of

redemption or other notice or demand whatsoever to the Debtor (except as set forth below), all of which are hereby expressly and irrevocably waived by the Debtor to the fullest extent permitted by law, sell at public or private sale or otherwise realize upon, the whole or any part of the Collateral in or upon which the Secured Party shall have a security interest or lien hereunder or any interest which the Debtor may have therein, and, after deducting from the proceeds of sale or other disposition of the Collateral all costs and expenses (including all reasonable expenses of legal services) as provided in Section 13. The Secured Party shall apply the residue of such proceeds toward the payment of the Obligations in accordance with this Agreement, the Debtor remaining absolutely liable for any deficiency remaining unpaid after such application. The Secured Party shall notify the Debtor, in writing, at least five (5) days before the time of any intended public sale or other disposition of the Collateral is to be made. The Debtor agrees to assemble the Collateral at its principal place of business. At any such sale or other disposition the Secured Party may itself, and any other person owed any Obligations may itself, purchase the whole or any part of the Collateral sold free from any right of redemption on the part of the Debtor which right is hereby waived and released.

(b) Furthermore, without limiting the generality of any of the rights and remedies hereunder the Secured Party may enter upon the premises of the Debtor, exclude the Debtor therefrom and take immediate possession of the Collateral, either personally or by means of a receiver appointed by a court therefor, using all necessary reasonable force to do so, and may, at the Secured Party's option, use, operate, manage and control the Collateral in any lawful manner and may collect and receive all rents, income, revenue, earnings, issues and profits therefrom, and may maintain, repair, renovate, alter or remove the Collateral as the Secured Party may determine in its discretion, and any moneys so collected or received by the Secured Party shall be applied to, or may be accumulated for application upon, the Obligations in accordance with Section 11 of this Agreement.

(c) The Secured Party may, at any time following the occurrence of any Event of Default require the Debtor to hold all proceeds of and collections on account of the Collateral in trust for the Secured Party and to deliver such proceeds and collections to the Secured Party immediately upon the receipt thereof by the Debtor in the identical form received and duly endorsed or assigned to the Secured Party, with such proceeds and collections not to be commingled with the Debtor's other funds.

(d) The Secured Party may, at any time following the occurrence of any Event of Default, require the Debtor to notify account debtors of the security interest of the Secured Party in the Debtor's accounts receivable and direct that payment thereof is to be made directly to the Secured Party and the Secured Party may itself at any time following the occurrence of an Event of Default, without notice to or demand upon the Debtor, so notify account debtors. The making of such a request or the giving of any such notification shall not affect the duties of

the Debtor described above with respect to the proceeds of collection of accounts receivable received by the Debtor.

(e) The Debtor hereby waives any and all rights that it may have to any judicial or other hearing in advance of the enforcement of any of the Secured Party's rights or remedies hereunder, including, without limitation, the Secured Party's rights following an Event of Default to take immediate possession of the Collateral and to exercise the Secured Party's rights and remedies as aforesaid with respect thereto.

(f) The Secured Party may, if it has become entitled to do so pursuant to the Trust Indenture, the applicable Note Purchase Agreements or the BLC Note, accelerate the maturity date and declare the unpaid principal balance of the relevant series of Senior Secured Notes or the BLC Note, as applicable, plus any applicable premium, together with all accrued interest thereon, immediately due and payable upon such Transfer.

(g) All payments received by the Debtor under or in connection with any of the Collateral shall be held by the Debtor in trust for the Secured Party, and shall be segregated from other funds of the Debtor and shall forthwith upon receipt by the Debtor, be turned over to the Secured Party, in the same form as received by the Debtor (duly indorsed by the Debtor to the Secured Party, if required)

In connection with the exercise of the foregoing remedies, Secured Party is granted permission to use all of Debtor's (a) trademarks, tradenames, tradestyles, patents, patent applications, licenses, franchises and other proprietary rights which are used in connection with Inventory for the purpose of disposing of such Inventory and (b) equipment for the purpose of completing the manufacture of unfinished goods.

To the extent permitted by applicable law, the Debtor waives all claims, damages and demands (other than for gross negligence or willful misconduct) that it may acquire against the Secured Party or any Noteholder arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least five (5) days before such sale or other disposition.

The Debtor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the obligations and the fees and disbursements of any attorneys employed by the Secured Party or any Noteholder to collect such deficiency.

9. Limitation on Duties Regarding Preservation of Collateral. The Secured Party's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Code or otherwise, shall be to deal with it in the same manner as the Secured Party would deal with similar property for its own account. Neither the Secured Party, any Noteholder, nor

any of their respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Debtor or otherwise.

10. Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Collateral are irrevocable and powers coupled with an interest.

11. Grant of License to Use Patents and Trademarks. For the purpose of enabling the Secured Party to exercise rights and remedies hereunder at such time as the Secured Party shall be lawfully entitled to exercise such rights and remedies, the Debtor hereby grants to the Secured Party an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to the Debtor) to use, license or sublicense any of the Collateral now owned or hereafter acquired by the Debtor, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored. The use of such license by the Secured Party shall be exercised, at the option of the Secured Party for any purpose appropriate in connection with the exercise of remedies hereunder, only upon the occurrence and during the continuance of an Event of Default, *provided* that any license, sublicense or other transaction entered into by the Secured Party in accordance herewith shall be binding upon the Debtor notwithstanding any subsequent cure of an Event of Default.

12. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13. Paragraph Headings. The paragraph headings used in this Security Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

14. No Waiver; Cumulative Remedies. Neither the Secured Party nor any Noteholder shall by any act (except by a written instrument pursuant to Section 15 hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Secured Party or any Noteholder, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Secured Party or any Noteholder of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Secured Party or such Noteholder would otherwise have on any future occasion. The rights and remedies herein provided are

cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

15. Waivers and Amendments; Successors and Assigns; Governing Law. None of the terms or provisions of this Security Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Debtor and the Secured Party; *provided* that any provision of this Security Agreement may be waived by the Secured Party in a written letter or agreement executed by the Secured Party. This Security Agreement shall be binding upon the successors and assigns of the Debtor and shall inure to the benefit of the Secured Party and the Noteholders and their respective successors and assigns. This Security Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York without regard to the conflicts of law principles thereof.

16. Authority of Secured Party. The Debtor acknowledges that the rights and responsibilities of the Secured Party under this Security Agreement with respect to any action taken by the Secured Party or the exercise or non-exercise by the Secured Party of any option, right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Security Agreement shall, as between the Secured Party and the Noteholders, be governed by the Note Purchase Agreements and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Secured Party and the Debtor, the Secured Party shall be conclusively presumed to be acting as agent for the Noteholders with full and valid authority so to act or refrain from acting, and the Debtor shall not be under any obligation, or entitlement, to make any inquiry respecting such authority.

IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be duly executed and delivered to the Secured Party as of the date first above written.

BELLEFONTE LIME COMPANY, INC.
as Debtor

By: _____
Name: *R. W. ...*
Title: **VICE-PRESIDENT**

**MONTREAL TRUST COMPANY
OF CANADA, as Trustee, as Secured Party**

By: _____ *M Ballard*
Name: _____
Title: **Nicole Clement** **Megan Ballard**
Manager, Client Services **Corporate Trust Office**

**MONTREAL TRUST COMPANY
OF CANADA, as CLI Trustee,
as Secured Party**

By: _____ *M Ballard*
Name: _____
Title: **Nicole Clement** **Megan Ballard**
Manager, Client Services **Corporate Trust Office**

SCHEDULE I

TRADEMARKS

Trademark	Reg. Date (Filing Date)	Status	Registration No. (Serial No.)	Country
Super Limoid			R 0525006	USA
Bell Mine			R 0532029	USA
Limoid		Not registered		
Bald Eagle		Not registered		
Advanced Performance Lime		Not registered		

SCHEDULE II

PATENTS

None

SCHEDULE III

TRADEMARK AND PATENT LICENSES

US Patents:

Bellefonte Lime Company, Inc. has a license pursuant to a License Agreement effective July 11, 1991, between U.S. Environmental Protection Agency Air & Energy Engineering Research Laboratory ("Licensor") and GenLime Group, L.P. (the rights of Licensee were assigned to Bellefonte Lime Company, Inc.) ("Licensee") relating to Lignosulfonate modified hydrated Lime for SO₂ control during furnace injection, Patent Nos. 4,786,485 and 4,882,309 and United States Patent Application No. 07/503,828, including reexaminations, reissued patents, divisions, continuations, renewals and extensions thereon (the "LIMB License") including: Patent No. 5,135,729 and Patent No. 5,427,994

Foreign Patents:

Pursuant to the LIMB License, Bellefonte Lime Company, Inc. has the license for the following foreign patents and patent applications:

<u>Country</u>	<u>Patent No.</u>
Austria	0271994
Belgium	0271994
Switzerland	0271994
European Patent Office	0271994
European Patent Office	93202494.6 (Application No. relating to Patent No. 0271994)
Canada	1299160
Federal Republic of Germany	P3789946.5
Spain	2055707
France	0271994
United Kingdom	0271994
Greece	940401686
Italy	0271994
Japan	62-286405 (Application No. relating to Patent No. 0271944)
Luxembourg	0271994
Netherlands	0271994
Sweden	0271994