

FORM PTO-1594 (Rev. 6-93) OMB No. 0651-0011 (exp. 4/94) M&G 5102.471USLA

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U.S. DEPARTMENT OF COMMERCE Patent and Trademark Office

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

1. Name of conveying party(ies): Baffin Inc. [ ] Individuals [ ] Association [ ] General Partnership [ ] Limited Partnership [ ] Corporation-State of [ ] Other: Canadian Corporation Additional name(s) of conveying party(ies) attached? [ ] Yes [x] No

2. Name and address of receiving party(ies): Laurentian Bank of Canada 1005 Skyview Drive Burlington, Ontario L7P 5B1 Canada [ ] Individual(s) citizenship [ ] Association [ ] General Partnership [ ] Limited Partnership [ ] Corporation-State of [x] Other: Canada chartered bank

3. Nature of conveyance: [x] Assignment [ ] Merger [ ] Security Agreement [ ] Change of Name [ ] Other: Execution Date: April 12, 2001

If assignee is not domiciled in the United States, a domestic representative designation is attached: [ ] Yes [x] No (Designations must be separate document from Assignment) Additional name(s) & address(es) attached? [ ] Yes [x] No

4. Application number(s) or trademark number(s): A. Trademark Application No.(s)/ Mark(s) 75/702393 BULLDOG INDUSTRIAL and Design 75/028399 BULLDOG

B. Trademark Reg. No.(s)/Mark(s) 2,195,088 BAFFIN 2,178,026 TIMBERWOLF and Design 2,030,555 BAFFIN and Design Additional numbers attached? [ ] Yes [x] No

5. Name and address of party to whom correspondence concerning document should be mailed: Name: Sandra Epp Ryan Address: MERCHANT & GOULD P.C. P.O. Box 2910 Minneapolis, MN 55402-0910

6. Total number of applications and trademarks involved: 5 7. Total fee (37 CFR 3.41): \$140.00 [ ] Enclosed [x] Authorized to be charged to deposit account 8. Please charge any additional fees or credit any overpayments to our Deposit account number: 13-2725

DO NOT USE THIS SPACE

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.

Sandra Epp Ryan Name of Person Signing

[Signature] Signature

6/17/02 Date

Total number of pages including cover sheet, attachments, and document: 11

Do not detach this portion

Mail documents to be recorded with required cover sheet information to:

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LAURENTIAN BANK  
OF CANADA

GENERAL SECURITY AGREEMENT  
(Commercial Lending)

THIS AGREEMENT made the 12<sup>th</sup> day of April, 2001.

BETWEEN: **BAFFIN INC.**, having its chief executive office and chief place of business at 346 Arvin Avenue, Stoney Creek, Ontario L8E 2M4, Fax No. \_\_\_\_\_

(hereinafter called the "Company")

AND: **LAURENTIAN BANK OF CANADA**, having an office at Commercial Banking Centre, 1005 Skyview Drive, Burlington, Ontario L7P 5B1, Fax No. (905) 336 3762

(hereinafter called the "Bank")

In consideration of the sum of One Dollar (\$1.00) now paid to it by the Bank (receipt of which is hereby acknowledged), and to secure the due payment and performance of all Obligations (hereinafter defined), the Company hereby agrees with the Bank and provides as follows:

ARTICLE 1  
INTERPRETATION

1.1 **Definitions**

As used herein the following expressions shall have the following meanings:

"Adjusted Pre-tax Earnings" of the Company means the sum of (a) the net income of the Company for the period in question, after extraordinary items, capital gains and capital losses but before provision for taxes respecting such income, and (b) amounts paid to the Management Group and deducted from income of the Company for the period in question, to the extent such amounts have been either (i) applied to subscribe for share capital of the Company, or (ii) advanced to the Company and effectively postponed in favour of the Bank;

"Affiliate" has the meaning ascribed to such term in the *Business Corporations Act*, the *Company Act* or the *Corporations Act*, as the case may be, of the Applicable Province (and if such Act does not define such term, Affiliate shall have the meaning ascribed to such term in the *Business Corporations Act (Ontario)*), including the corporations (if any) referred to as Affiliates in Schedule B hereto;

"Applicable Province" means the province where the office of the Bank referred to herein is located;

"Business Day" means any day except Saturday, Sunday or a statutory holiday;

"Capital Expenditure" means any expenditure which would be chargeable to capital or fixed asset accounts and includes the total of all instalments of rental expressed to be payable during the whole term of each lease of personal property which would be classified as a capital lease;

"Cash Flow" of the Company for any period means the after-tax profit of the Company for the period:

- (a) plus depreciation and amortization;
- (b) less profit or plus loss resulting from the recognition of the Company's minority interest in investments;
- (c) plus deferred income tax;
- (d) less capitalized expenses;
- (e) plus after-tax portion of management bonuses;
- (f) less gain or plus loss on the sale of fixed assets; and
- (g) less the minority shareholders' share of losses or plus the minority shareholders' share of profits from consolidated Subsidiaries

as have been deducted or added in determining such profit;

"Collateral" means all present and future property and assets of the Company whether now or hereafter specifically charged or subjected to the floating charge under ~~Section 1~~ (except as excluded pursuant to ~~Section 2~~);

"Current Ratio" means the ratio of Current Assets to Current Liabilities;

"Current Assets" of the Company means the aggregate current assets but excluding amounts owing to the Company by any person not dealing at arm's length with the Company except in respect of credit extended on normal trade terms arising on the sale of inventory in the ordinary course of business;

"Current Liabilities" of the Company means the aggregate liabilities which are payable within twelve months from the date as of which the determination of such liabilities is being made, including the portion of Financial Indebtedness which is due within twelve months from such date, but excluding any amounts effectively postponed in favour of the Bank, and in the case of Long Term Debt which matures during such period the payments scheduled to

## 5.

- 1.2.6 The headings of the Articles and Sections are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Applicable Province.

**ARTICLE 2  
SECURITY**

2.1 **Charge**

For the purpose set out in ~~Section 2.5~~ but subject to the exceptions set forth in ~~Section 2.2~~, the Company hereby:

- 2.1.1 grants, sells, assigns, conveys, transfers, mortgages, pledges and charges, as and by way of fixed and specific mortgage, pledge and charge to and in favour of the Bank, and grants to the Bank a security interest in, all personal property of every nature and kind whatsoever and wheresoever situate now or at any time and from time to time owned by the Company or in which or in respect of which the Company has any interest or rights of any kind together with all Proceeds thereof and therefrom, renewals thereof, Accessions thereto and substitutions therefor, including, without limiting the generality of the foregoing, the following described property:

- (a) All inventory of whatsoever kind (including vehicles) and wheresoever situate now owned or hereafter acquired by the Company including without limiting the generality of the foregoing, goods for sale or lease or that have been leased; goods furnished or to be furnished under a contract of service; goods which are raw materials, work in process or materials used or consumed in a business or profession of the Company; goods used or procured for packing; finished goods; industrial growing crops, oil, gas and other minerals to be extracted; timber to be cut; and the young of animals after conception ("Inventory");
- (b) All book accounts and book debts and generally all accounts, debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit, and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due or owned by the Company including but not limited to claims against the Crown and claims under insurance policies ("Accounts");
- (c) All machinery, equipment, tools, apparatus, plants, fixtures, furniture, vehicles, goods and other tangible personal property of whatsoever nature and kind, now owned or hereafter acquired by the Company other than Inventory ("Equipment");
- (d) All chattel paper now owned or hereafter acquired by the Company ("Chattel Paper");
- (e) All warehouse receipts, bills of lading and other documents of title, whether negotiable or otherwise, now owned or hereafter acquired by the Company ("Documents of Title");
- (f) All instruments now owned or hereafter acquired by the Company ("Instruments");
- (g) All deeds, documents, writings, papers, books of accounts and other books and records, whether or not in computerized form, evidencing or relating to Accounts, Chattel Paper, Instruments or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable; and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (h) All shares, securities, stocks, warrants, bonds, debentures, debenture stock or the like now owned or hereafter acquired by the Company;
- (i) All intangible property and intangibles now owned or hereafter acquired by the Company including, but not limited to, choses in action, goodwill, patents, trademarks, copyrights and other industrial property ("Intangibles");
- (j) All monies other than trust monies lawfully belonging to others;
- (k) Any property in any form (including fixtures) derived directly or indirectly from any dealings with any property herein described (including all products and cash and non-cash proceeds thereof); indemnification or compensation for any such property lost, destroyed, damaged or lawfully or unlawfully taken or injuriously affected; all increases, additions and accessions thereto and substitutions and replacements thereof;
- (l) All personal property, if any, described in ~~Section 2.5~~ hereto; and

- 2.1.2 charges with payment and performance of the Obligations to and in favour of the Bank as set out in ~~Section 2.5~~ as and by way of a floating charge the whole of the undertaking of the Company and all of its property and assets, real and personal, movable and immovable, tangible and intangible, of every nature and kind whatsoever and wheresoever situate, both present and future (other than property and assets from time to time effectively subjected to the fixed and specific mortgages, charges and security interests created hereby or by any instrument supplemental hereto).

**BAFFIN INC.****(the "Corporation")****Incumbency Certificate**

- (a) any one of the officers and directors of the Corporation is authorized:
- (i) to execute and deliver on behalf of the Corporation the following documents (the "Instruments") in favour of Laurentian Bank of Canada (the "Lender") in connection with an offer of finance dated the 28<sup>th</sup> day of March, 2002:
    - a) Line of Credit Agreement – Canadian Dollar; and
    - b) Line of Credit Agreement – US Dollar.
  - (ii) to execute and deliver all such other documents and instruments (the "Other Documents") and to do such other acts and things as in his opinion may be necessary or advisable to carry out the foregoing;
- (b) the Corporation is an existing corporation under the federal laws of Canada and its full corporate name (including the French version, if any, of its name) is correctly set out above;
- (c) there are no provisions in the Articles or By-laws of the Corporation or in any unanimous shareholder agreement (as that term is defined in the corporations statute governing the Corporation) which restrict or limit the powers of the Directors of the Corporation to borrow money upon the credit of the Corporation, or to issue, reissue, sell or pledge debt obligations of the Corporation;
- (d) no default exists in the payment or performance of any liabilities or other obligations of the Corporation to the Lender and no event of default has occurred and is continuing under any agreement or other instrument between the Corporation and the Lender;
- (e) the Instruments and the Other Documents do not require the approval (except as has been obtained) (i) of any holders of shares, stocks, bonds, notes, debentures or other securities of the Corporation or (ii) under any Other Agreement or Order; neither the execution or delivery of the Instruments or the Other Documents nor the fulfilment of the terms, conditions and provisions thereof (i) constitute or will constitute a breach of any Other Agreement or Order or (ii) will result in the creation of any lien, charge, encumbrance or security interest upon any property or assets of the Corporation (except in favour of the Lender (as defined in the

above resolution)) under any Other Agreement or Order; "Other Agreement or Order" means a contract, mortgage, lease, instrument, licence, permit, order, judgment or decree of which the undersigned is aware by which the Corporation is bound or to which any of its assets are subject;

- (f) there are no actions, suits or proceedings pending or, to the knowledge of the undersigned, threatened against the Corporation, other than as set out in Schedule B hereto;
- (g) Except as set out in Schedule A hereto, the Corporation does not have an interest in any property registered under:
- (i) under the *Patent Act* (Canada), the *Trade-marks Act* (Canada), the *Industrial Designs Act* (Canada), the *Integrated Circuit Topography Act* (Canada), the *Copyright Act* (Canada) or the *Plant Breeders' Rights Act* (Canada);
- (ii) under the *Canada Shipping Act* in respect of any vessel which is registered or recorded under that Act; or
- (iii) under the *Canada Transportation Act* or the *Railways Act* (Ontario) in respect of any rolling stock to which the provisions of either of those Acts may apply.
- (h) the following persons hold the position in the Corporation indicated opposite their names, and that the signatures appearing opposite their names are the genuine signatures of such persons:

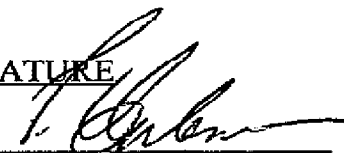
NAME

TITLE

SIGNATURE

Paul Hubner

President



WITNESS my hand and the corporate seal of the Corporation the 23 day of April, 2002.

  
Name: Paul Hubner  
Secretary

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**Schedule A**

**Intellectual Property**

SEE ATTACHED.

**DESIGN PATENTS,**  
**TRADE-MARKS, REGISTRATIONS & APPLICATIONS**  
**OF BAFFIN INC.**  
(status at April 9, 2002)

**DESIGN PATENTS:**

1. U.S. Design  
Patent No: 350,848  
Title: FOOTWEAR INSOLE  
Issued: September 27, 1994
2. Canadian Industrial Design  
Regn No.: 73241  
Title: FOOTWEAR INSOLE  
Issued: September 23, 1993
3. Canadian Industrial Design  
Regn No.: 76287  
Title: FOOTWEAR SOLE  
Issued: April 27, 1995
4. Canadian Industrial Design  
Regn No.: 89588  
Title: FOOTWEAR SOLE  
Issued: May 31, 2000

**TRADE-MARKS:**Registrations

1. Canadian Trade-mark  
Trade-mark: BAFFIN & Design  
Regn No.: 474,944  
Regn Date: April 21, 1997
2. U.S. Trademark  
Trademark: BAFFIN & Design  
Regn No.: 2,030,555  
Regn Date: January 14, 1997

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3. Italian Trade-mark  
Trade-mark: BAFFIN  
Regn No.: 687,125  
Regn Date: September 18, 1996
4. Austrian Trade-mark  
Trade-mark: BAFFIN  
Regn No.: 153,094  
Regn Date: June 15, 1994
5. Benelux Trade-mark  
Trade-mark: BAFFIN  
Regn No.: 549,176  
Regn Date: March 10, 1994
6. French Trade-mark  
Trade-mark: BAFFIN  
Regn No.: 94/513,569  
Regn Date: March 30, 1994
7. U.K. Trade-mark  
Trade-mark: BAFFIN  
Regn No.: 1,564,940  
Regn Date: March 9, 1994
8. Swedish Trade-mark  
Trade-mark: BAFFIN  
Regn No.: 263,097  
Regn Date: December 23, 1994
9. Switzerland Trade-mark  
Trade-mark: BAFFIN  
Regn No.: 421,054  
Regn Date: March 6, 1996
10. German Trade-mark  
Trade-mark: BAFFIN  
Regn No.: 2,009,024  
Regn Date: November 29, 1995



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11. Japanese Trade-mark  
Trade-mark: BAFFIN  
Regn No.: 3,228,507  
Regn Date: November 29, 1996
12. Canadian Trade-mark  
Trade-mark: VULCAN  
Regn No.: 387,369  
Regn Date: August 9, 1991
13. Canadian Trade-mark  
Trade-mark: BAFFIN & WOLF'S HEAD DESIGN  
Regn No.: 370,118  
Regn Date: June 29, 1990
14. Canadian Trade-mark  
Trade-mark: BAFFIN  
Regn No.: 363,261  
Regn Date: November 10, 1989
15. Canadian Trade-mark  
Trade-mark: TIMBERWOLF  
Regn No.: 440,383  
Regn Date: March 10, 1995
16. Canadian Trade-mark  
Trade-mark: VIMOD  
Regn No.: 242,529  
Regn Date: April 3, 1980
17. Canadian Trade-mark  
Trade-mark: BULLDOG  
Regn No.: TMA 489,912  
Regn Date: February 13, 1998
18. Canadian Trade-mark  
Trade-mark: BROOKLINE  
Regn No.: 310,924  
Regn Date: January 31, 1986

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19. U.S. Trademark  
Trademark: TIMBERWOLF & Design  
Regn No.: 2,178,026  
Regn Date: August 4, 1998
20. Canadian Trade-mark  
Trade-mark: BAFFIN & Design  
Regn No.: TMA 489,848  
Regn Date: February 12, 1998
21. U.S. Trademark (replacement for U.S. Regn No. 1,606,476, now abandoned)  
Trademark: BAFFIN  
Regn No.: 2,195,088  
Regn Date: October 13, 1998
22. Canadian Trade-mark  
Trade-mark: SNO DOGS  
Regn No.: TMA554,967  
Regn Date: December 4, 2001
23. Canadian Trade-mark  
Trade-mark: BAFFIN FUSION TECHNOLOGY  
Regn No.: TMA556,258  
Regn Date: January 11, 2002

Pending Applications

1. U.S. Trademark (in Opposition)  
Trademark: BULLDOG  
Serial No.: 75/028,399  
Filing Date: December 6, 1995
2. U.S. Trademark (Statement of Use Accepted March 5/02 - Should issue shortly)  
Trademark: BULLDOG INDUSTRIAL & Design  
Serial No.: 75/702,393  
Filing Date: May 10, 1999

**SCHEDULE B**

The Corporation had a Distributorship Agreement with Altman International Inc. which expired by its terms on March 30, 2002. Altman International Inc. has not remitted invoiced amount of \$132,649.21 to the Corporation and the Corporation is pursuing collection of this amount. Altman International Inc. is alleging that it has suffered unspecified losses or damages of \$150,000.00. Altman International Inc. has not issued any action, suit or proceeding at this date against the Corporation.