



08-08-2003



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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

Form PTO-1594
(Rev. 10/02)
OMB No. 0651-0027 (exp. 6/30/2005)
Tab settings ⇨ ⇨ ⇨

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

1. Name of conveying party(ies): 8-4-00
Aegis Engineered Textile Products Inc.
 Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State
 Other Corporation - Ontario

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

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: June 30, 2003

2. Name and address of receiving party(ies)
Name: RoyNat Inc.
Internal Address: _____
Street Address: 4500 400 3rd Avenue S.W.
City: Calgary State: Alberta, Canada Zip: T2P 4H2

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State _____
 Other Corporation - Canada

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

4. Application number(s) or registration number(s):
A. Trademark Application No.(s)

B. Trademark Registration No.(s)
2,002,135 2002135

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: MacPherson Leslie & Tyerman LLP

Internal Address: _____

Street Address: 4505 400 3rd Avenue S.W.

City: Calgary State: Alberta, Canada Zip: T2P 4H2

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41).....\$ 40.00

Enclosed
 Authorized to be charged to deposit account

8. Deposit account number: _____

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

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.

Michael Clark

Name of Person Signing

Signature

July 31, 2003

Date

Total number of pages including cover sheet, attachments, and document: 14

08/07/2003 ECOOPER 00000031 2002135

Mall documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

01 FC:8521

40.00 DP

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TRADEMARK
REEL: 002814 FRAME: 0707

**TRADEMARK COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT**

THIS AGREEMENT ("Agreement"), dated June, 2003, is by and between AEGIS ENGINEERED TEXTILE PRODUCTS INC. ("Debtor"), with its chief executive office at 251 Fifth Avenue, Amprior, Ontario, K7S 3M3, Canada, and ROYNAT INC. and ROYNAT CAPITAL INC., each a Canadian corporation (collectively, the "Secured Party"), having an office at Suite 4500, Canterra Tower, 400 - 3rd Avenue S.W., Calgary, Alberta, Canada T2P 4H2:

WITNESSETH:

WHEREAS Debtor has adopted, used and is using, and is the owner of the entire right, title and interest in and to the trademarks and applications therefor described in Exhibit A hereto and made a part hereof; and

WHEREAS Secured Party and Debtor have entered into or are about to enter into financing arrangements pursuant to which Debtor is guaranteeing the indebtedness of Pacific Safety Products Inc. to Secured Party as set forth in the Collateral Debenture dated of even date herewith, issued by Debtor in favour of Secured Party as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, (collectively the "Loan Agreement") and other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto (all of the foregoing, together with the Loan Agreement, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "Financing Agreements"); and

WHEREAS in order to induce Secured Party to make loans and advances and provide other financial accommodations to Pacific Safety Products Inc., which loans have been guaranteed by the Debtor, Debtor has agreed to grant to Secured Party certain security as set forth herein;

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby agrees as follows:

1. GRANT OF SECURITY INTEREST

As security for the prompt performance, observance and indefeasible payment in full of all of the Obligations (as hereinafter defined), Debtor hereby grants to Secured Party a continuing security interest in and a general lien upon, and a conditional assignment of, the following (being collectively referred to herein as the "Collateral"): (a) all of Debtor's now existing or hereafter acquired right, title and interest in and to all of Debtor's interest in any trademarks and all applications, registrations and recordings relating to the foregoing as may at any time be filed in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other country, including, without limitation, those trademarks, applications, registrations and recordings described in Exhibit A hereto, together with all rights and privileges arising under applicable law with respect

to Debtor's use of any trademarks and all reissues, divisions, continuations, extensions and renewals thereof (all of the foregoing being collectively referred to herein as the "Trademarks"); (b) all present and future improvements described and claimed therein; (c) all income, fees, royalties and other payments at any time due or payable with respect thereto, including, without limitation, payments under all licenses at any time entered into in connection therewith; (d) the right to sue for past, present and future infringements thereof; (e) all rights corresponding thereto throughout the world; and (f) any and all other proceeds of any of the foregoing, including, without limitation, all damages and payments or claims by Debtor against third parties for past or future infringement of the Trademarks.

2. OBLIGATIONS SECURED

The security interest, lien and other interests granted to Secured Party pursuant to this Agreement shall secure the prompt performance, observance and payment in full of any and all obligations, liabilities and indebtedness of every kind, nature and description owing by Debtor to Secured Party and/or its affiliates, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, arising under this Agreement, the Loan Agreement, the other Financing Agreements or in connection with the transactions contemplated by this Agreement, the Loan Agreement or the other Financing Agreements, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the Loan Agreement, whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured, and however acquired by Secured Party (all of the foregoing being collectively referred to herein as the "Obligations").

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

Debtor hereby represents, warrants and covenants with and to Secured Party the following (all of such representations, warranties and covenants being continuing so long as any of the Obligations are outstanding):

- (a) Debtor shall pay and perform all of the Obligations according to their terms.
- (b) All of the existing Collateral is valid and subsisting in full force and effect, and Debtor owns the sole, full and clear title thereto, and the right and power to grant the security interest and conditional assignment granted hereunder. Debtor shall, at Debtor's expense, perform all acts and execute all documents necessary to maintain the existence of the Collateral consisting of registered Trademarks as registered trademarks and to maintain all of the Collateral as valid and subsisting, including, without limitation, the filing of any renewal affidavits and applications. The Collateral is not subject to any liens, claims, mortgages, assignments, licenses, security interests or encumbrances of any nature whatsoever, except (i) the security interests granted hereunder and (ii) the licenses permitted under Section 3(e) below.
- (c) Debtor shall not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive

license relating to the Collateral, or otherwise dispose of any of the Collateral, in each case without the prior written consent of Secured Party, except as otherwise permitted herein or in the Loan Agreement. Nothing in this Agreement shall be deemed a consent by Secured Party to any such action, except as such action is expressly permitted hereunder.

- (d) Debtor shall, at Debtor's expense, promptly perform all acts and execute all documents requested at any time by Secured Party to evidence, perfect, maintain, record or enforce the security interest in and conditional assignment of the Collateral granted hereunder or to otherwise further the provisions of this Agreement. Where permitted by law, Debtor hereby authorizes Secured Party to execute and file one or more financing statements (or similar documents) with respect to the Collateral signed only by Secured Party or as otherwise determined by Secured Party. Debtor further authorizes Secured Party to have this Agreement or any other similar security agreement filed with the Commissioner of Patents and Trademarks or any other appropriate federal, state or government office.
- (e) As of the date hereof, Debtor does not have any Trademarks registered, or subject to pending applications, in the United States Patent and Trademark office or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, other than those described in Exhibit A hereto and has not granted any licenses with respect thereto other than as set forth in Exhibit B hereto.
- (f) Debtor shall, concurrently with the execution and delivery of this Agreement, execute and deliver to Secured Party three (3) originals of a Special Power of Attorney in the form of Exhibit C annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Secured Party's exercise of the rights and remedies granted to Secured Party hereunder.
- (g) Secured Party may, in its discretion, pay any amount or do any act which Debtor fails to pay or do as required hereunder or as requested by Secured Party to preserve, defend, protect, maintain, record or enforce the Obligations, the Collateral or the security interest and conditional assignment granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, and reasonable attorneys' fees and legal expenses. Debtor shall be liable to Secured Party for any such payment, which payment shall be deemed an advance by Secured Party to Debtor, shall be payable on demand together with interest at the rate then applicable to the indebtedness of Debtor to Secured Party set forth in the Loan Agreement and shall be part of the Obligations secured hereby.
- (h) Debtor shall not file any application for the registration of a Trademark with the United States Patent and Trademark Office or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, unless Debtor has given Secured Party thirty (30) days' prior written notice of such action. If, after the date hereof, Debtor shall (i) obtain any

trademark, including any reissue, division, continuation, continuation-in-part or extension of any trademark, file any trademark application, including any application for reissue or extension of any trademark, or any divisional, continuation or continuation-in-part application in the United States Patent and Trademark Office or in any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, or (ii) become the owner of any trademark used in the United States, any State thereof, any political subdivision thereof or in any other country, the provisions of Section 1 hereof shall automatically apply thereto. Upon the request of Secured Party, Debtor shall promptly execute and deliver to Secured Party any and all assignments, agreements, instruments, documents and such other papers as may be requested by Secured Party to evidence the security interest in and conditional assignment of such Trademark in favour of Secured Party.

- (i) Debtor has not abandoned any of the Trademarks and Debtor will not do any act, nor omit to do any act, whereby the Trademarks may become abandoned, invalidated, unenforceable, avoided or avoidable. Debtor shall notify Secured Party immediately if it knows or has reason to know of any reason why any application, registration or recording with respect to the Trademarks may become abandoned, cancelled, invalidated, avoided or avoidable.
- (j) Debtor shall render any assistance, as Secured Party shall determine is necessary, to Secured Party in any proceeding before the United States Patent and Trademark Office, any federal or state court, or any similar office or agency in the United States, any state thereof, any political subdivision thereof or in any other country, to maintain such application and registration of the Trademarks as Debtor's exclusive property, and to protect Secured Party's interest therein, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings.
- (k) To the best of Debtor's knowledge, Debtor has no notice of any material infringement or unauthorized use presently being made of any of the Trademarks that would adversely affect in any material respect the fair market value of the Trademarks or the benefits of this Agreement granted to Secured Party, including, without limitation, the remedies of Secured Party hereunder. There has been no judgment holding any of the Trademarks invalid or unenforceable, in whole or in part, nor is the validity or enforceability of any of the Trademarks presently being questioned in any litigation or proceeding to which Debtor is a party. Debtor shall promptly notify Secured Party if Debtor (or any affiliate or subsidiary thereof or any guarantor) learns of any use by any person of any other process or product which infringes upon any Trademark. If requested by Secured Party, Debtor, at Debtor's expense, shall join with Secured Party in such action as Secured Party, in Secured Party's discretion, may deem advisable for the protection of Secured Party's interest in and to the Trademarks.
- (l) Debtor assumes all responsibility and liability arising from the use of the Trademarks and Debtor hereby indemnifies and holds Secured Party harmless

from and against any claim, suit, loss, damage or expense (including reasonable attorneys' fees and legal expenses) arising out of any alleged defect in any product manufactured, promoted or sold by Debtor in connection with any Trademark or out of the manufacture, promotion, labelling, sale or advertisement of any such product by Debtor (or any affiliate or subsidiary thereof). The foregoing indemnity shall survive the payment of the Obligations, the termination of this Agreement and the termination or non-renewal of the Loan Agreement.

- (m) Debtor shall promptly pay Secured Party for any and all expenditures made by Secured Party pursuant to the provisions of this Agreement or for the defense, protection or enforcement of the Obligations, the Collateral or the security interests and conditional assignment granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, travel expenses and reasonable attorneys' fees and legal expenses. Such expenditures shall be payable on demand, together with interest at the rate then applicable to the indebtedness of Debtor to Secured Party set forth in the Loan Agreement and shall be part of the Obligations secured hereby.

4. EVENTS OF DEFAULT

All Obligations shall become immediately due and payable, without notice or demand, at the option of Secured Party, upon the occurrence of any default under the Loan Agreement (each an "Event of Default" hereunder).

5. RIGHTS AND REMEDIES

At any time an Event of Default exists or has occurred and is continuing, in addition to all other rights and remedies of Secured Party, whether provided under this Agreement, the Loan Agreement, the other Financing Agreements, applicable law or otherwise, Secured Party shall have the following rights and remedies which may be exercised without notice to, or consent by, Debtor except as such notice or consent is expressly provided for hereunder:

- (a) Secured Party may, in its good faith determination, require that neither Debtor nor any affiliate or subsidiary of Debtor make any use of the Trademarks for any purpose whatsoever. Secured Party may make use of any Trademarks for the sale of goods, completion of work-in-process or rendering of services or otherwise in connection with enforcing any other security interest granted to Secured Party by Debtor or for such other reason as Secured Party may determine.
- (b) Secured Party may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner, as Secured Party shall in its discretion deem appropriate. Such license or licenses may be general, special or otherwise, and may be granted on an exclusive or non-exclusive basis throughout all or any part of the United States of America, its territories and possessions, and all foreign countries.
- (c) Secured Party may assign, sell or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations except that if

notice to Debtor of intended disposition of Collateral is required by law, the giving of ten (10) days' prior written notice to Debtor of any proposed disposition shall be deemed reasonable notice thereof and Debtor waives any other notice with respect thereto. Secured Party shall have the power to buy the Collateral or any part thereof, and Secured Party shall also have the power to execute assurances and perform all other acts which Secured Party may, in its discretion, deem appropriate or proper to complete such assignment, sale or disposition. In any such event, Debtor shall be liable for any deficiency.

- (d) In addition to the foregoing, in order to implement the assignment, sale or other disposition of any of the Collateral pursuant to the terms hereof, Secured Party may at any time execute and deliver on behalf of Debtor, pursuant to the authority granted in the Powers of Attorney described in Section 3(f) hereof, one or more instruments of assignment of the Trademarks (or any application, registration or recording relating thereto), in form suitable for filing, recording or registration. Debtor agrees to pay Secured Party on demand all costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees and reasonable attorneys' fees and legal expenses. Debtor agrees that Secured Party has no obligation to preserve rights to the Trademarks against any other parties.
- (e) Secured Party may first apply the proceeds actually received from any such license, assignment, sale or other disposition of Collateral to the costs and expenses thereof, including, without limitation, reasonable attorneys' fees and all legal, travel and other expenses which may be incurred by Secured Party. Thereafter, Secured Party may apply any remaining proceeds to such of the Obligations as Secured Party may in its discretion determine. Debtor shall remain liable to Secured Party for any of the Obligations remaining unpaid after the application of such proceeds, and Debtor shall pay Secured Party on demand any such unpaid amount, together with interest at the rate then applicable to the indebtedness of Debtor to Secured Party set forth in the Loan Agreement.
- (f) Debtor shall supply to Secured Party or to Secured Party's designee, Debtor's knowledge and expertise relating to the manufacture and sale of the products and services to which the Trademarks relate and Debtor's customer lists and other records relating to the Trademarks and the distribution thereof.
- (g) Nothing contained herein shall be construed as requiring Secured Party to take any such action at any time. All of Secured Party's rights and remedies, whether provided under this Agreement, the other Financing Agreements, applicable law or otherwise, shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively or concurrently.

6. GOVERNING LAW

- (a) The validity, interpretation and enforcement of this Agreement and the other Financing Agreements and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by

the laws of the Province of British Columbia, Canada (without giving effect to principles of conflicts of law).

- (b) Secured Party shall not have any liability to Debtor (whether in tort, contract, equity or otherwise) for losses suffered by Debtor in connection with, arising out of or in any way related to the transactions or relationships contemplated by this Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Secured Party that the losses were the result of acts or omissions constituting gross negligence or wilful misconduct. In any such litigation, Secured Party shall be entitled to the benefit of the rebuttable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of this Agreement and the other Financing Agreements.


7. MISCELLANEOUS

- (a) All notices, requests and demands hereunder shall be given in accordance with the terms of the Loan Agreement.
- (b) All references to the plural herein shall also mean the singular and to the singular shall also mean the plural. All references to Debtor and Secured Party pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and assigns. The words "hereof", "herein", "hereunder", "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced. An Event of Default shall exist or continue or be continuing until such Event of Default is waived in accordance with Section 7(e) hereof.
- (c) This Agreement, the other Financing Agreements and any other document referred to herein or therein shall be binding upon Debtor and its successors and assigns and inure to the benefit of and be enforceable by Secured Party and its successors and assigns.
- (d) If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.
- (e) Neither this Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of Secured Party. Secured Party shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver

shall be in writing and signed by an authorized officer of Secured Party. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Secured Party of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which Secured Party would otherwise have on any future occasion, whether similar in kind or otherwise.

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

AEGIS ENGINEERED TEXTILE PRODUCTS INC.

Per: 
Name: BRADLEY FIELD
Title: SECRETARY

Per: _____
Name: _____
Title: _____

ROYNAT INC.

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

ROYNAT CAPITAL INC.

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

shall be in writing and signed by an authorized officer of Secured Party. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Secured Party of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which Secured Party would otherwise have on any future occasion, whether similar in kind or otherwise.

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

AEGIS ENGINEERED TEXTILE PRODUCTS INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

ROYNAT INC.

Per: [Signature]
Name: *Robert W. Lank*
Title: *MANAGER CAPITAL EQUIPMENT*

Per: [Signature]
Name: *ROBERT W. LANK*
Title: *DIRECTOR B.C.*

ROYNAT CAPITAL INC.

Per: [Signature]
Name: *Robert W. Lank*
Title: *MANAGER CAPITAL EQUIPMENT*

Per: [Signature]
Name: *ROBERT W. LANK*
Title: *DIRECTOR B.C.*

**EXHIBIT A
TO
TRADEMARK COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT**

LIST OF TRADEMARKS

<u>Trademark Description</u>	<u>Registration Number</u>	<u>Registration Date</u>
Word Mark – Explosafe	2,002,135	September 24, 1996

**EXHIBIT B
TO
TRADEMARK COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT
LICENSES**

None

EXHIBIT C
TO
TRADEMARK COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT
SPECIAL POWER OF ATTORNEY
(TRADEMARKS)

PROVINCE OF BRITISH COLUMBIA)
)

KNOW ALL MEN BY THESE PRESENTS that AEGIS ENGINEERED TEXTILE PRODUCTS INC. ("Debtor"), having an office at 251 Fifth Avenue, Arnprior, Ontario, K7S 3M3, Canada, hereby appoints and constitutes severally ROYNAT INC. and ROYNAT CAPITAL INC. (collectively, the "Secured Party"), and each officer thereof, its true and lawful attorney, with full power of substitution and with full power and authority to perform the following acts on behalf of Debtor:

1. Execution and delivery of any and all agreements, documents, instruments of assignment or other papers which Secured Party, in its discretion, deems necessary or advisable for the purpose of assigning, selling or otherwise disposing of all right, title and interest of Debtor in and to any trademarks and all registrations, recordings, reissues, extensions and renewals thereof, or for the purpose of recording, registering and filing of, or accomplishing any other formality with respect to the foregoing.
2. Execution and delivery of any and all documents, statements, certificates or other papers which Secured Party, in its discretion, deems necessary or advisable to further the purposes described in subparagraph 1 hereof.

This Power of Attorney is made pursuant to a Trademark Collateral Assignment and Security Agreement, dated of even date herewith, between Debtor and Secured Party (the "Security Agreement") and is subject to the terms and provisions thereof. This Power of Attorney being coupled with an interest, is irrevocable until all Obligations, as such term is defined in the Security Agreement, are paid in full and the Security Agreement is terminated in writing by Secured Party.

Dated: _____, 2003

AEGIS ENGINEERED TEXTILE PRODUCTS INC.

Per: _____
 Name:
 Title:

Per: _____
 Name:
 Title: