

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
General Hydrogen (Canada) Corporation		10/13/2006	CORPORATION: BRITISH COLUMBIA
RECEIVING PARTY DATA			
Name:	Plug Power Inc.		
Street Address:	968 Albany-Shaker Road		
City:	Latham		
State/Country:	NEW YORK		
Postal Code:	02110		
Entity Type:	CORPORATION: DELAWARE		
PROPERTY NUMBERS Total: 4			
Property Type	Number	Word Mark	
Registration Number:	2957454	GENERAL HYDROGEN	
Registration Number:	2960109	GH	
Registration Number:	2967575	HYDRICITY	
Registration Number:	2960110	GH	
CORRESPONDENCE DATA			
Fax Number:	(617)523-1231		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Email:	sfarrell@goodwinprocter.com		
Correspondent Name:	Stacey Farrell		
Address Line 1:	c/o Goodwin Procter LLP, 53 State Street		
Address Line 4:	Boston, MASSACHUSETTS 02109		
ATTORNEY DOCKET NUMBER:	101452/168700		
NAME OF SUBMITTER:	Miriam J. Rovner		

CH \$115.00 2957454

Signature:	/mjr/
Date:	10/18/2006
Total Attachments: 16 source=GHCC#page1.tif source=GHCC#page2.tif source=GHCC#page3.tif source=GHCC#page4.tif source=GHCC#page5.tif source=GHCC#page6.tif source=GHCC#page7.tif source=GHCC#page8.tif source=GHCC#page9.tif source=GHCC#page10.tif source=GHCC#page11.tif source=GHCC#page12.tif source=GHCC#page13.tif source=GHCC#page14.tif source=GHCC#page15.tif source=GHCC#page16.tif	

SECURITY AGREEMENT

This Security Agreement dated as of October 13, 2006 made by **GENERAL HYDROGEN (CANADA) CORPORATION** (the "**Corporation**"), a corporation incorporated under the laws of Canada and extra-provincially registered in the Province of British Columbia and having its chief executive office at 13120 Vanier Place, Richmond, British Columbia, V6V 2J2, Canada (facsimile: (604) 233-7626), to and in favour of **PLUG POWER INC.** (the "**Lender**"), a corporation incorporated under the laws of the State of Delaware, as lender under the Loan Agreement hereinafter referred to, having an office at 968 Albany-Shaker Road, Latham, New York, 12110, U.S.A. (facsimile: (518) 782-7884).

WHEREAS:

A. General Hydrogen Corporation (the "**Parent**") and the Corporation have entered into the Loan Agreement and the Lender has agreed, *inter alia*, to advance certain credit facilities to the Parent on the terms and conditions set out therein.

B. It is a condition of the advance of the said credit facilities by the Lender to the Parent that the Corporation execute and deliver this Security Agreement to the Lender as collateral security for the payment and performance of the Obligations and it is in the best interest of the Corporation as a wholly-owned Subsidiary of the Parent to enter into this Security Agreement and to grant the security interest contemplated herein.

NOW THEREFORE WITNESSETH that, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Corporation, the Corporation covenants, declares and agrees as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Terms Incorporated for Reference. All capitalized terms used but not otherwise defined in this Security Agreement shall have the meanings attributed to them in the Loan Agreement. Terms defined in the British Columbia *Personal Property Security Act* (including the regulations thereto and all as amended from time to time, collectively, the "**PPSA**") and used but not otherwise defined in this Security Agreement shall have the same meaning herein.

Section 1.2 Defined Terms. In this Security Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the following meanings:

"**Affiliate**" means, when used with reference to a specified person, a person who is an affiliate or associate of such Person within the meaning of the *Business Corporations Act* (British Columbia), as amended from time to time;

"**Authorization**" means any permit, licence, approval, consent, order, right, certificate, judgment, writ, injunction, award, determination, direction, decree, authorization, franchise, privilege, grant, waiver, exemption and other concession or by-law, rule or regulation, whether or not having the force of Law, of, by or from any Official Body, all as amended, supplemented or otherwise modified or replaced from time to time;

"Book Accounts" means all debts, accounts, monies, demands and choses in action which are now due, owing or accruing due or which may hereafter become due, owing or accruing due to the Corporation and all claims of whatsoever nature or kind which the Corporation now has or may hereafter have, in each case in respect of or arising out of or in connection with the Business, including claims against the Crown and claims under insurance policies and all the proceeds and other monies payable thereunder (including bonuses, additions, profits, interest and all other such amounts); and all Contracts, securities, bills, notes, lien notes, judgments, chattel mortgages, mortgages and all other rights and benefits which now are or may hereafter be vested in the Corporation or anyone on behalf of the Corporation in respect of or as security for any of the said debts, accounts, monies, demands, choses in action and claims or any part thereof; and also all books, accounts, invoices, letters, papers and documents recording or in any way evidencing or relating to any of the said debts, accounts, monies, demands, choses in action and claims or any part thereof, and **"Book Account"** means any one of them;

"Business" means the business of the Corporation and the Parent as conducted by them as at the date hereof and as proposed to be conducted by them hereafter, including, without limitation, the ownership, operation and lease of assets and property in connection therewith and the investment therein and all other activities necessary, useful, incidental or ancillary to the foregoing;

"Business Day" means any day of the year, other than a Saturday, Sunday or other day on which banks are required or authorized to close for business in Vancouver, British Columbia and Toronto, Ontario;

"Collateral" has the meaning set forth in Section 2.1(1);

"Consent" means any permit, licence, approval, consent, order, right, certificate, judgment, writ, injunction, award, determination, direction, decree, authorization, franchise, privilege, grant, waiver, exemption, and other concession or by-law, rule or regulation, whether or not having the force of Law, of, by or from any Person other than an Official Body, all as amended, supplemented or otherwise modified or replaced from time to time;

"Contracts" means all contracts or agreements relating to or arising in connection with the acquisition, ownership, use or operation of the Lands or the Business (including, without limitation, all contractual rights and benefits, options or rights to acquire options under such contracts or agreements to which the Corporation is a party (whether by way of assignment or otherwise) in any form whatsoever, written or verbal, now in existence or hereafter entered into, including leases, options to purchase and rights of first refusal), together in each case with any amendments, supplements, modifications, extensions, renewals or replacements thereof, and **"Contract"** means any one of them;

"Corporation" means General Hydrogen (Canada) Corporation, its successors and assigns;

"Event of Default" has the meaning set forth in the Loan Agreement;

"Guarantee" means the guarantee dated as of the date hereof granted by the Corporation in favour of the Lender with respect to the obligations of the Parent, as amended, supplemented, extended or otherwise modified or restated from time to time;

"Intellectual Property" means all intellectual property owned by the Corporation or in which the Corporation has rights including, without limitation, all Trademarks, copyrights, copyright applications and registrations, patents, patent applications, industrial designs, industrial design applications and registrations, inventions, know how, trade secrets, technical processes, recipes, formulae or rights therein or related thereto used in or necessary for the conduct of the Business, and all related licences or other Consents held by the Corporation with respect to the Business or the use of technology relating to the Business;

"Inventory" means all inventories of the Corporation wheresoever located (including, without limitation, such inventory located at, on or about the Lands or any leasehold property) including, without limitation, finished goods, work in progress, raw materials, stores, supplies, spare parts and other maintenance items and merchandise, and all other materials and supplies wherever located, including on or about or in transit to or from the Lands (or otherwise on hand), to be used or consumed in connection with the processing, manufacture, packing, shipping, selling or furnishing of products in the Business;

"Lands" means all real property or interests in real property (including, without limitation, any leasehold estates pursuant to a lease or statutory rights of way) presently owned, held or hereinafter acquired by or on behalf of the Corporation, together with the buildings and improvements situate thereon or fixtures forming a part thereof and all attendant easements, rights-of-way, licences, leases, leasehold estates and other interests;

"Law" includes any law (including common law and equity), constitution, statute, treaty, regulation, rule, ordinance, order, injunction, writ, decree or award of any Official Body;

"Lender" means Plug Power Inc., its successors and assigns;

"Lien" includes any mortgage, pledge, lien, hypothecation, security interest or other encumbrance or charge (whether fixed, floating or otherwise) or title retention, any right of set-off (arising otherwise than by operation of Law) and any deposit of monies under any agreement or arrangement whereby such monies may be withdrawn only upon fulfilment of any conditions as to the discharge of any other indebtedness or other obligation to any creditor, or any right of or arrangement of any kind with any creditor to have its claims satisfied prior to other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or hereafter acquired;

"Lien hereof" has the meaning set forth in Section 2.2(1);

"Loan Agreement" means the senior secured bridge loan agreement dated as of the date hereof among the Parent, as borrower, the Corporation, as guarantor, and the Lender, as lender, as amended, supplemented, extended or otherwise modified or restated from time to time;

"Loan Documents" means this Security Agreement, the Loan Agreement, the Note, the other Security Documents and all other documents to be executed and delivered to the Lender by the Parent, the Corporation or a Subsidiary or an Affiliate of the Corporation hereunder or thereunder;

"Negotiable Collateral" has the meaning set forth in Section 2.3(2);

“**Note**” means the senior secured note dated as of the date hereof made by the Parent to and in favour of the Lender;

“**Obligations**” has the meaning set forth in Section 2.2(1);

“**Official Body**” means any government or political subdivision or any agency, authority, bureau, central bank, monetary authority, commission, department or instrumentality thereof, or any court, tribunal, grand jury or arbitrator, whether foreign or domestic;

“**Person**” means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a foreign state or political subdivision thereof or any agency of such state or subdivision;

“**PPSA**” has the meaning set forth in Section 1.1;

“**Security**” means the security given to the Lender at any time and from time to time to secure the indebtedness, liabilities and obligations of the Parent under the Loan Agreement and of the Corporation under the Guarantee, including, without limitation, security referred to in Section 1.3(a) of the Loan Agreement;

“**Security Agreement**” means this agreement as supplemented, amended or otherwise modified, renewed or replaced from time to time;

“**Security Documents**” means this Security Agreement, the Guarantee and the other documents referred to in Section 1.3(a) of the Loan Agreement (including, without limitation, the agreements, instruments and documents delivered from time to time to the Lender by the Corporation and other Persons, for the purpose of establishing, perfecting, preserving and protecting the Security);

“**Subsidiaries**” means, at any time, in respect of a Person, any corporation, partnership or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions are at such time directly or indirectly owned by such Person;

“**Trademarks**” means (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, design marks, certification marks, distinguishing guises and other source or business identifiers, and the goodwill associated therewith, (ii) all registrations and recordings thereof, and all applications in connection therewith, (iii) all extensions, renewals and continuations thereof, and (iv) all rights to sue for past, present or future infringements of, dilution or depreciation of value to and passing off of or injury to any thereof.

ARTICLE 2 SECURITY

Section 2.1 Grant of Security. (1) Subject to Section 2.4, the Corporation hereby (i) mortgages and charges to the Lender as and by way of a fixed mortgage and charge; (ii) pledges to the Lender; (iii) assigns and transfers to the Lender as and by way of a specific transfer and assignment (except any assignment or transfer of Intellectual Property); and (iv) grants to the Lender, a security

interest in, all of the Corporation's right, title and interest in and to all personal property and undertaking of the Corporation, present and future, now owned or hereafter acquired (collectively, the "Collateral", and all references thereto herein include any part thereof) including, without limitation, all of the Corporation's:

- (a) goods of every kind, type and description whatsoever now or hereafter owned, leased or otherwise held by it, including, without limitation, fixtures and equipment, goods held for sale or lease, goods furnished or to be furnished to Persons under contracts of lease, sale or consignment, goods which are raw materials or work in progress, goods used in or procured for packing, goods which are materials used or to be used or consumed in the Business, goods which are service equipment, office equipment, computer equipment, consumables, machinery, plant, vehicles and all licences and other rights and other tangible personal property now or hereafter owned, leased or otherwise held by it and all records, files, charts, plans, drawings, specifications, manuals and documents relating to any of the foregoing;
- (b) Inventory, including, without limitation, such goods held for sale or lease, goods furnished or to be furnished to third Persons under contracts of lease, consignment or service;
- (c) Book Accounts and Contracts;
- (d) documents of title, chattel paper, instruments, securities and money, including, without limitation, all proceeds of all policies of insurance payable as indemnity or compensation for loss of or damage to any of the Collateral;
- (e) intangibles, including, without limitation, all security interests, goodwill, choses in action and other contractual benefits and Intellectual Property, including, without limitation, the intellectual property described in Schedule A hereto;
- (f) substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Sections 2.1(1)(a)-(e) inclusive; and
- (g) proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Sections 2.1(1)(a)-(f) inclusive or the proceeds therefrom.

(2) In addition, the Corporation hereby charges in favour of the Lender by way of a floating charge, its undertaking and all its property and assets, real and personal, moveable or immovable, of whatsoever nature and kind, both present and future and every interest therein which the Corporation now has or hereafter acquires (other than the property and assets hereby effectively assigned or subjected to a specific mortgage and charge and subject to the exceptions hereinafter contained).

(3) Without limiting the generality of the foregoing, the Collateral shall include all personal property of the Corporation now or hereafter located on or about or in transit to or from the locations set out in Schedule B hereto.

Section 2.2 Obligations Secured. (1) The mortgages, charges, pledges, transfers, assignments and security interests granted hereby (collectively, the "Lien hereof") shall be continuing collateral security for the due payment and performance of all debts, liabilities and obligations of the Corporation, whether present or future, direct or indirect, absolute or contingent, matured or unmatured,

joint or several or joint and several, at any time due or accruing due or owing by the Corporation to the Lender hereunder or under the Loan Agreement, the Guarantee, any other Loan Documents or otherwise, howsoever incurred, and whether incurred as principal or surety (collectively, and together with the expenses, costs and charges set out in Section 2.2(2), the "Obligations"); provided that payments owing by the Corporation to the Lender hereunder shall be made in accordance with the terms and conditions of the Loan Agreement, to the extent applicable.

(2) All expenses, costs and charges incurred by or on behalf of the Lender in connection with the preparation and issuance of this Security Agreement, the perfection, preservation and protection of the Lien hereof and the enforcement of the Lender's rights and remedies hereunder, including the realization of the Collateral, and including all reasonable legal fees (on a solicitor and solicitor's own client full indemnity basis), disbursements, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment of the Collateral, shall be added to and form a part of the Obligations.

Section 2.3 Attachment. (1) The Corporation and the Lender hereby acknowledge that (i) value has been given; (ii) the Corporation has rights in the Collateral (other than after-acquired Collateral); and (iii) they have not agreed to postpone the time of attachment of the Lien hereof.

(2) If the Corporation acquires Collateral consisting of chattel paper, instruments, securities or negotiable documents of title (collectively, "Negotiable Collateral") after the date hereof, the Corporation will notify the Lender immediately in writing providing a copy of such Negotiable Collateral and, if requested by the Lender, the Corporation will deliver to the Lender (or as the Lender may direct) such Negotiable Collateral and shall, at the request of the Lender (i) cause the transfer thereof to the Lender to be registered wherever, in the reasonable opinion of the Lender, such registration may be required or advisable, (ii) duly endorse the same for transfer in blank or as the Lender may direct, and (iii) forthwith deliver to the Lender all Consents or other instruments or documents which may be necessary to effect the transfer of the Negotiable Collateral to the Lender or its nominee or, upon the enforcement of the Lien hereof, any third party.

(3) The Corporation agrees to promptly inform the Lender in writing of the acquisition by the Corporation of any Intellectual Property which is not adequately described herein, and the Corporation agrees to execute and deliver at its own expense from time to time amendments to this Security Agreement or the schedules hereto or additional Security Agreements or schedules as may be required by the Lender in order that the Lien hereof shall attach to such Intellectual Property.

(4) The Corporation represents and warrants that its chief executive office is located at the address indicated with respect to the Corporation on Schedule B hereto. A complete set of books of account and records of the Corporation relating to the Collateral is, and will continue to be, kept at such chief executive office. The Corporation shall not establish a new chief executive office or fail to keep books of account and such records at its chief executive office unless (a) it shall have given to the Lender not less than 30 days' prior written notice of its intention to do so, clearly describing such new location and providing such other information in connection therewith as the Lender may reasonably request and (b) with respect to such new location, it shall have taken all action reasonably satisfactory to the Lender to maintain the security interest of the Lender in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect.

(5) The Corporation represents and warrants that all Collateral held by the Corporation is located at the location shown on Schedule B hereto. The Corporation agrees that all Collateral subsequently acquired by it shall be kept at (or shall be in transport to) the location shown on Schedule B hereto. The Corporation shall not establish a new location for the Collateral unless (a) it shall have given to the Lender not less than 30 days' prior written notice of its intention so to do, clearly describing such new location and providing such other information in connection therewith as the Lender may reasonably request and (b) with respect to such new location, it shall have taken all action reasonably satisfactory to the Lender to maintain the security interest of the Lender in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect.

Section 2.4 Scope of Lien. (1) Nothing in Section 2.1 shall be construed as an assignment by the Corporation (which term shall include a sub-lease, mortgage, pledge or charge) of any Contract, Book Account, claim, demand or chose in action which, as a matter of Law or by its terms, is non-assignable without the Consent or Authorization of some other Person unless such Consent or Authorization has been obtained. To the extent that the creation of the Lien hereof would constitute a breach or permit the acceleration of any agreement right, license or permit to which the Corporation is a party, the Lien hereof shall not attach thereto but the Corporation shall hold its interest therein in trust for the Lender, and, in the case of any such potential breach or acceleration of any agreement, right, license or permit, shall use all reasonable efforts to obtain the consent of the other party thereto. Upon the Corporation obtaining the consent of such other party, the Lien hereof shall be deemed to have automatically attached to such agreement, right, license or permit, as the case may be, without the necessity of any further action or assurance on the part of any Person.

(2) Until such time as an Event of Default has occurred and is continuing, the grant of the Lien hereof in the Intellectual Property shall not affect in any way the Corporation's rights to commercially exploit the Intellectual Property, to defend the Intellectual Property, to enforce the Corporation's rights therein or with respect thereto against third parties in any court or to claim and be entitled to receive any damages with respect to any infringement thereof.

(3) The Lien hereof shall not extend to consumer goods.

(4) The Lien hereof shall not extend or apply to the last day of any term of years reserved by a lease of real property, verbal or written, or any agreement therefor, now held or hereafter acquired by the Corporation in respect of real property but the Corporation shall stand possessed of any such reversion in trust to assign and dispose thereof as the Lender may direct.

(5) The Lender will not be deemed in any manner to have assumed any obligation of the Corporation under any Authorization or Contract nor shall the Lender be liable to any Official Body or contract counterparties by reason of any default by any Person under any Authorization or Contract. The Corporation agrees to indemnify and hold the Lender harmless of and from any and all liability, loss, damage or expense which it may or might incur by reason of any claim or demand against it based on its alleged assumption of the Corporation's duty and obligation to perform and discharge the terms, covenants and agreements in any Authorization or Contract.

(6) It is expressly acknowledged by the Corporation that, notwithstanding any right or authority granted to the Corporation herein or in any other agreement or instrument to deal with the Collateral, it is the intention of the Corporation and the Lender that (i) the Lien hereof shall operate and be construed as a fixed and specific charge of all Collateral in respect of which the Corporation presently has rights, and as a fixed and specific charge of all after-acquired Collateral which shall attach forthwith

upon the Corporation acquiring rights therein, and (ii) except as provided in Section 2.1(2), the Lien hereof shall neither operate nor be construed as a floating charge.

Section 2.5 The Lender's Care and Custody of Collateral. (1) Except as required by any mandatory provision of the PPSA, the Lender shall not be bound to collect, dispose of, realize, protect or enforce any of the Corporation's right, title and interest in and to the Collateral or to institute proceedings for the purpose thereof and, without limiting the generality of the foregoing, the Lender shall not be required to take any steps necessary to preserve rights against prior parties or other Persons in respect of any Negotiable Collateral.

(2) The Lender shall have no obligation to keep Collateral in its possession identifiable.

(3) Upon the occurrence and during the continuance of an Event of Default, the Lender may (i) notify any Person obligated on a Book Account or on chattel paper or any obligor on an instrument to make payment thereunder to the Lender, whether or not the Corporation was theretofore making collections thereon, and (ii) assume control of any proceeds arising from the Collateral.

Section 2.6 The Corporation's Dealings with Collateral. The Corporation shall not, without the prior written consent of the Lender or as permitted by the Loan Agreement, sell, transfer, exchange, lease, release or abandon or otherwise dispose of any of the Collateral or create, assume or permit to remain outstanding any Lien in, on or of the Collateral except (i) if such Lien is permitted by the Loan Agreement; and (ii) as otherwise agreed to in writing by the Lender. Any proceeds of any such sale, exchange, lease, release, abandonment or disposal which is prohibited by this Section shall be held by the Corporation in trust for the Lender and, at the request of the Lender, shall be paid immediately to the Lender.

Section 2.7 Right of Set-Off. The Obligations secured by this Security Agreement shall be paid, when due, by the Corporation, as applicable, to the Lender without regard to any equities existing among the Corporation and the Lender and without regard to any right of set-off or cross-claim or of any claim or demand of the Corporation against the Lender or otherwise.

Section 2.8 Protective Disbursements. If the Corporation fails to perform any covenant on its part contained in this Security Agreement then the Lender may, in its absolute discretion, perform any such covenant capable of being performed by it and, if any such covenant requires the payment or expenditure of money, the Lender may make such payment but shall be under no obligation to do so, and all sums so paid or expended by the Lender shall be immediately payable by the Corporation, shall bear interest at the highest rate set forth in the Loan Agreement until paid and shall be secured hereby, having the benefit of the Lien hereof in priority to the indebtedness evidenced by the Loan Agreement and guaranteed pursuant to the Guarantee. No such performance or payment shall relieve the Corporation from any default under this Security Agreement or any consequences of such default.

ARTICLE 3 ENFORCEMENT

Section 3.1 Default. The Lien hereof shall be and become enforceable against the Corporation upon the occurrence and during the continuance of an Event of Default.

Section 3.2 Remedies. Upon the occurrence and during the continuance of an Event of Default, the Lender may realize upon the Collateral and enforce the rights of the Lender by any remedy or

proceeding authorized or permitted by Law (subject to any mandatory provision of the PPSA) including, without limitation, by:

- (a) entry onto the Lands and any other premises where Collateral consisting of tangible personal property may be located;
- (b) entry into possession of the Collateral and removal of Collateral consisting of tangible personal property by any method permitted by Law;
- (c) sale, assignment, lease, sub-lease, granting options or options to purchase or any other disposal of the Collateral;
- (d) collection of any proceeds arising in respect of the Collateral;
- (e) collection, realization or sale of or other dealing with the Book Accounts or any of them;
- (f) the exercise of any contractual, legal or other rights or interests of the Corporation under or in respect of the Collateral;
- (g) the payment of any Lien that may exist or be threatened against the Collateral, in which event such amount and any costs, charges and expenses incurred in connection therewith shall be added to the Obligations;
- (h) the appointment by instrument in writing of a receiver (which term as used in this Security Agreement includes a receiver and manager) or agent of the Collateral and the removal or replacement of such receiver or agent from time to time;
- (i) the institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of the Collateral;
- (j) the institution of proceedings in any court of competent jurisdiction for sale or foreclosure of the Collateral;
- (k) filing proofs of claim and other documents to establish claims in any proceeding relating to the Corporation;
- (l) the set-off and application against the Obligations, to the fullest extent permitted by Law, of any monies to be paid by the Lender to the Corporation under the Loan Agreement or any other agreement between the Lender and the Corporation; and
- (m) any other remedy or proceeding authorized or permitted by applicable Law.

Such remedies may be exercised from time to time separately or in combination with respect to or all or any part of the Collateral and are in addition to and not in substitution for any other rights of the Lender however created. The Lender may proceed by way of any action, suit or other proceeding available at Law and no right, remedy or power of the Lender shall be exclusive of or dependent on any other. The Lender may exercise any of its rights, remedies or powers separately or in combination and at any time. The Lender shall not be bound to exercise any such right, remedy or power, and the exercise of such right, remedy and power shall be without prejudice to the rights of the Lender in respect of the Obligations including the right to claim for any deficiency.

Section 3.3 Additional Rights. In addition to the remedies of the Lender set forth in Section 3.2, upon the occurrence and during the continuance of an Event of Default, the Lender may:

- (a) require the Corporation, at the Corporation's expense, to gather or assemble the Collateral consisting of tangible personal property at a place or places designated by notice in writing given by the Lender to the Corporation;
- (b) require the Corporation, by notice in writing given by the Lender to the Corporation, to disclose to the Lender the location or locations of the Collateral consisting of tangible personal property;
- (c) repair, process, modify, improve, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Corporation or otherwise;
- (d) subject to applicable Law, carry on all or any part of the Business or businesses of the Corporation and, to the exclusion of all others including the Corporation, enter upon, occupy and use all or any of the premises, buildings, plant, undertaking and other property of or used by the Corporation for such time as the Lender sees fit, free of charge, and the Lender shall not be liable to the Corporation for any act, omission or negligence in so doing or for any rent, charges, depreciation or damages incurred in connection therewith or resulting therefrom;
- (e) subject to applicable Law, borrow for the purpose of carrying on the Business or businesses of the Corporation or for the maintenance, preservation or protection of the Collateral and mortgage, charge, pledge or grant a Lien in, on or of the Collateral, whether or not in priority to the Lien hereof, to secure repayment;
- (f) demand, commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give valid and effectual receipts and discharges therefor and make any arrangement or compromise or give time for the payment or performance of all or any part of the Book Accounts or any Contract or any other obligation of any third party to the Corporation; and
- (g) participate in any recapitalization, reclassification, reorganization, consolidation, redemption, share split, merger or liquidation of any issuer of securities which constitute Collateral, and in connection therewith may deposit or surrender control of the Collateral, accept money or other property in exchange for the Collateral, and take such action as it deems proper in connection therewith, and any other money or property received in exchange for the Collateral shall be held by the Lender thereafter as part of the Collateral pursuant to the provisions hereof.

Section 3.4 Concerning the Receiver. (1) Any receiver appointed by the Lender shall be vested with the rights and remedies which could be exercised by the Lender in respect of the Corporation or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any instrument or instruments supplemental thereto. The identity of the receiver, any replacement thereof and any remuneration thereof shall be within the sole and unfettered discretion of the Lender.

(2) Any receiver appointed by the Lender shall act as agent for the Lender for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below and with respect to its discharge), as agent for the Corporation. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Corporation or as agent for the Lender (but in all cases shall take direction from the Lender) as the Lender may determine in its sole and unfettered discretion. The Corporation agrees to ratify and confirm all actions of the receiver acting as agent for the Corporation, and to release and indemnify the receiver in respect of all such actions.

(3) The Lender, in appointing or refraining from appointing any receiver, shall not incur liability to the receiver, the Corporation or otherwise and shall not be responsible for any misconduct or negligence of such receiver.

Section 3.5 Appointment of Attorney. The Corporation hereby irrevocably appoints the Lender (and any officer thereof) as attorney of the Corporation (with full power of substitution) to exercise, upon the occurrence and during the continuance of an Event of Default, in the name of and on behalf of the Corporation, any of the Corporation's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement and delivery of any agreements, documents, instruments, securities, documents of title and chattel paper and any notices, receipts, assignments or verifications of the Book Accounts. All acts of any such attorney are hereby ratified and approved, and such attorney shall not be liable for any act, failure to act, omission or negligence in so doing or any other matter or thing in connection therewith, except for its own negligence or wilful misconduct.

Section 3.6 The Lender's Dealings with Collateral. (1) The Lender shall not be obliged to exhaust its recourses against the Corporation or any other Person or Persons or against any other security it may hold in respect of the Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Lender may consider desirable.

(2) The Lender may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Corporation and with other Persons, sureties or securities as the Lender may see fit, all without prejudice to the Obligations or the rights of the Lender in respect of the Collateral.

(3) The Lender shall not be (i) bound under any circumstance to realize upon the Collateral; (ii) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral; (iii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of the Lender, the Corporation or any other Persons in respect thereof; (iv) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal therewith; or (v) bound to protect the Collateral from depreciating in value or becoming worthless.

(4) All monies from time to time received by the Lender or the receiver may be applied as follows: first, in discharge of all operating expenses and other ongoings affecting the Collateral; second, in keeping in good standing all Liens on the Collateral having priority over the Lien hereof; third, in payment of the remuneration and disbursements of the receiver (if any); fourth, in payment to the Lender of monies payable hereunder and under the Loan Agreement or any other agreements between the Lender and the Corporation entered into pursuant thereto; and the balance, if any, shall be paid to the Corporation or as a court of competent jurisdiction may direct. If there shall be a deficiency, the Corporation shall remain liable for such deficiency and shall pay the amount of such deficiency to the Lender forthwith.

Section 3.7 Standards of Sale. Without prejudice to the ability of the Lender to dispose of the Collateral in any manner which is commercially reasonable, the Corporation acknowledges that a disposition of Collateral by the Lender which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part whether or not the Lender has taken possession thereof;
- (b) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any purchaser or lessee of such Collateral may be a customer or related Person of the Lender;
- (d) a disposition of Collateral may be on such terms and conditions as to credit, deferred payment or otherwise as the Lender, in its sole discretion, may deem advantageous;
- (e) the Lender may establish an upset or reserve bid or price in respect of the Collateral; and
- (f) the Lender may buy in, rescind or vary any contract for the disposition of Collateral and may dispose of any Collateral again without being obligated to account or answer for any gain or loss occasioned thereby.

Section 3.8 Dealings by Third Parties. (1) No Person dealing with the Lender or its agent or a receiver shall be required (i) to determine whether the Lien hereof has become enforceable; (ii) to determine whether the powers which the Lender or such agent or receiver on behalf of the Lender is purporting to exercise have become exercisable; (iii) to determine whether any money remains due to the Lender by the Corporation; (iv) to determine the necessity or expediency of the stipulations and conditions subject to which any sale or lease shall be made; (v) to determine the propriety or regularity of any sale or of any other dealing by the Lender or such agent or receiver with the Collateral; or (vi) to see to the application of any money paid to the Lender or such agent or receiver.

(2) Any purchaser of the Collateral from the Lender shall hold the Collateral absolutely free from any claim or right of whatever kind including any equity of redemption of the Corporation, and the Corporation hereby specifically waives, to the fullest extent permitted by Law, as against any such purchaser, all right of redemption, stay or appraisal which the Corporation now has or may have under any rule of Law now existing or hereafter adopted. To the fullest extent permitted by Law, the Corporation waives all of the rights, benefits and protection provided to it by any statute which imposes limitations upon the rights, remedies or powers of a secured party.

ARTICLE 4 GENERAL

Section 4.1 Discharge. The Lien hereof shall be released and discharged upon, but only upon, full payment in cash, satisfaction and performance of the Obligations and at the request and expense of the Corporation. The Lender shall execute and deliver to the Corporation, at the request and expense of the Corporation, such releases and discharges as the Corporation may reasonably require.

Section 4.2 No Merger, etc. No judgment recovered by the Lender, the Lender or a Lender shall operate by way of merger of or in any way affect the Lien hereof, which is in addition to and not in substitution for any other security now or hereafter held by the Lender in respect of the Obligations.

Section 4.3 Waivers, etc. No amendment, consent or waiver by the Lender shall be effective unless made in writing and signed by an authorized officer of the Lender and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 4.4 Further Assurances. The Corporation shall from time to time, whether before or after the Lien hereof shall have become enforceable, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as the Lender may reasonably require for protecting the Collateral or perfecting the Lien hereof and for exercising all rights, remedies, powers, authorities and discretions hereby conferred upon the Lender, and the Corporation shall, from time to time after the Lien hereof has become enforceable, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as the Lender may require for facilitating the sale of or other dealing with the Collateral in connection with any realization thereof.

Section 4.5 Notice. All notices, requests, demands, directions and communications (in this Section 4.5, "notices") hereunder shall be sent by telex, facsimile or similar means of recorded communication or hand delivery and shall be effective when hand delivered or, in the case of successful telex, facsimile or similar means of recorded communication, when received. All notices shall be given to the respective addresses on page 1 of this Security Agreement or, in either case, in accordance with any unrevoked written direction as to a change of address given in accordance with this Section 4.5.

Section 4.6 Successors and Assigns. This Security Agreement shall be binding upon the Corporation, its successors and permitted assigns, and shall enure to the benefit of the Lender and its successors and assigns. The Corporation may not assign or novate any of its rights or obligations under this Security Agreement without the prior written consent of the Lender. All rights of the Lender hereunder shall be assignable in accordance with the terms of the Guarantee and in any action brought by an assignee to enforce any such right, the Corporation shall not assert against such assignee any claim or defence which the Corporation now has or hereafter may have against the Lender.

Section 4.7 Headings, etc. The division of this Security Agreement into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation thereof.

Section 4.8 Severability. If and to the extent that any provision hereof shall conflict with any mandatory provision of the PPSA (including, without limitation, an exclusion or purported exclusion of a duty or onus imposed by the PPSA or a limitation or purported limitation of the liability of or the amount of damages recoverable from a Person who has failed to discharge a duty or obligation imposed by the PPSA), such provision of the PPSA shall govern. The provisions of this Security Agreement are intended to be severable. If any provision of this Security Agreement shall be deemed by any court of competent jurisdiction or held to be invalid or void or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

Section 4.9 Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and of Canada applicable therein and shall be treated in all respects as a British Columbia contract.

Section 4.10 Incorporation of Schedules. Schedules A and B attached hereto shall, for all purposes hereof, form an integral part of this Security Agreement.

Section 4.11 Conflict. In the event of a conflict or inconsistency between the provisions of this Security Agreement and the provisions of the Loan Agreement, the provisions of the Loan Agreement shall prevail.

Section 4.12 Counterparts; Electronic Execution. This Security Agreement may be executed in any number of counterparts and by different signatories on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Security Agreement. Delivery of an executed copy or counterpart of this Security Agreement by facsimile or other electronic method of transmission shall be equally as effective as delivery of an originally-executed copy or counterpart of this Security Agreement. If this Security Agreement is executed and delivered by facsimile or other electronic method of transmission, an originally-executed copy or counterpart of this Security Agreement shall also be delivered but the failure to deliver an originally-executed copy or counterpart shall not affect the validity, enforceability, and binding effect of this Security Agreement.

Section 4.13 Acknowledgement of Receipt/Waiver. The Corporation acknowledges receipt of an executed copy of this Security Agreement, the Loan Agreement and the Guarantee. The Corporation waives, to the extent permitted by Law, the right to receive a copy of any financing statement, financing change statement or verification statement registered with or issued by any personal property registry or other Official Body in connection with this Security Agreement.

SCHEDULE A
INTELLECTUAL PROPERTY

Registered U.S. Trademarks - United States Patent and Trademark Office

Trademark Registration No.: 2957454
Mark: General Hydrogen
Registration Date: 31-May-05

Trademark Registration No.: 2960109
Mark: GH (and Design)
Registration Date: 7-Jun-05

Trademark Registration No.: 2967575
Mark: Hydricity
Registration Date: 12-Jul-05

Trademark Registration No.: 2960110
Mark: GH (and Design)
Registration Date: 7-Jun-05