

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
Avotus Corporation		11/16/2006	CORPORATION: ONTARIO
RECEIVING PARTY DATA			
Name:	Comerica Bank		
Street Address:	P.O. Box 61		
Internal Address:	Royal Bank Plaza, Suite 2210, South Tower		
City:	Toronto		
State/Country:	ONTARIO		
Postal Code:	M5J 2J2		
Entity Type:	banking corporation: MICHIGAN		
PROPERTY NUMBERS Total: 2			
Property Type	Number	Word Mark	
Registration Number:	2930477	AVOTUS CORPORATION	
Registration Number:	2932678	AVOTUS	
CORRESPONDENCE DATA			
Fax Number:	(734)930-2494		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	734-761-3780		
Email:	asujek@bodmanllp.com		
Correspondent Name:	Angela Alvarez Sujek - Bodman LLP		
Address Line 1:	401 East Liberty, Suite 400		
Address Line 4:	Ann Arbor, MICHIGAN 48104		
NAME OF SUBMITTER:	Angela Alvarez Sujek		
Signature:	/angela alvarez sujek/		
Date:	11/21/2006		

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Total Attachments: 20

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COMERICA BANK

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT is made the 16th day of November 2006.

BETWEEN:

AVOTUS CORPORATION, a corporation existing under the federal laws of Canada having its chief executive office at 110 Matheson Blvd. W., Suite 300, Mississauga, Ontario, L5R 4G7.

Facsimile: (905) 568-6926

(the "**Debtor**")

AND:

COMERICA BANK, a Michigan banking corporation and authorized foreign bank under the *Bank Act* (Canada), Suite 2210, South Tower, Royal Bank Plaza, PO Box 61, Toronto, Ontario, M5J 2J2

Facsimile: (416) 367-2460

(the "**Bank**")

SECTION 1- SECURITY INTEREST

1.1 For consideration the Debtor does hereby mortgage and charge as and by way of a fixed and specific charge, and assign and transfer to the Bank, and grant to the Bank a security interest in, all the Debtor's right, title and interest in and to all its presently owned or held and after acquired or held personal property, of whatever nature or kind (except the kinds set out in Section 1.3 and Section 2 below) and wheresoever situate, and all proceeds thereof and therefrom including:

- (a) all equipment, including, without limiting the generality of the foregoing, machinery, tools, fixtures, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the foregoing (all of which is hereinafter collectively called the "**Equipment**");
- (b) all inventory, including, without limiting the generality of the foregoing, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned

goods, repossessed goods, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is hereinafter collectively called the “**Inventory**”);

- (c) all debts, accounts, claims, demands, monies and choses in action which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the said debts, accounts, claims, demands, monies and choses in action or any part thereof (all of which is hereinafter collectively called the “**Accounts**”);
- (d) all documents of title, chattel paper, instruments, securities and money, and all other goods of the Debtor that are not Equipment, Inventory or Accounts;
- (e) all Contracts, contractual rights, goodwill and all other choses in action of the Debtor of every kind which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor, and other intangible property of the Debtor which is not Accounts, chattel paper, instruments, documents of title, securities or money;
- (f) all Intellectual Property Collateral of the Debtor, including the Intellectual Property Collateral described in Schedule B; and
- (g) a charge as and by way of a floating charge, and grant to the Bank a security interest in and to all the Debtor’s right, title and interest in and to all its presently owned or held and after acquired or held real, immovable and leasehold property and all interests therein, and all easements, rights of way, privileges, benefits, licences, improvements and rights whether connected therewith or appurtenant thereto or separately owned or held, including all structures, plant and other fixtures (all which is hereinafter collectively called the “**Real Property**”).

1.2 The Liens created pursuant to Section 1.1 are hereinafter collectively called the “**Security Interests**” and the property subject to the Security Interests and all property, assets and undertakings, expressed to be charged, assigned or transferred or secured by any instruments supplemental hereto or in implementation hereof are hereinafter collectively called the “**Collateral**”.

1.3 Notwithstanding Sections 1.1 and 1.2, the Collateral shall not include any Contract, Account, permit, licence, claim, demand, chose in action or other intangible which, as a matter of law or by its terms, is not assignable or may not be charged or otherwise encumbered by the Debtor without the consent, authorization, approval or waiver of a third party (all such Contracts, Accounts, permits, licences, claims, demands, choses in action and other intangibles are collectively referred to herein as the “**Restricted Assets**”) unless and until such consent, authorization, approval or waiver has been obtained, provided that, until such time as the applicable consent, authorization, approval or waiver has been obtained, the Debtor shall hold each Restricted Asset in trust for the Bank and will assign and dispose of the same in such

manner as the Bank may from time to time direct as and when the Bank is entitled to realize upon Collateral in accordance with Section 12. The Debtor agrees that it will use all such commercially reasonable efforts as may be required to obtain as expeditiously as possible all such consents, authorizations, approvals or waivers other than those required under governmental permits or licences with respect to which a consent to mortgage is not capable of being obtained.

Notwithstanding this Section 1, the Debtor's grant of security in Trade-marks (as defined in the *Trade-marks Act* (Canada)) shall be limited to a grant by the Debtor of a security interest in all of the Debtors's right, title and interest in such Trade-marks.

SECTION 2 - FURTHER EXCEPTIONS

2.1 Notwithstanding any other term or provision herein, any charge and security interest shall not extend or apply to the last day of the term of any lease or any agreement therefor now held or hereafter acquired by the Debtor but should such charge and security interest become enforceable, the Debtor shall thereafter stand possessed of such last day and shall hold it in trust to assign the same to any person acquiring such term or the part thereof mortgaged and charged in the course of any enforcement of the said charge and security interest or any realization of the subject matter there.

2.2 All consumer goods (as defined in the Act) of the Debtor are hereby excepted out of the Security Interests created by this Security Agreement.

SECTION 3 - ATTACHMENT

3.1 The Debtor acknowledges that the Security Interests hereby created attach upon the execution of this Security Agreement (or in the case of any after acquired property, upon the date of acquisition thereof), that value has been given, and that the Debtor has (or in the case of any after acquired property, will have upon the date of acquisition) rights in the Collateral.

SECTION 4 - PROHIBITIONS

4.1 Without the prior written consent of the Bank the Debtor shall not have power to:

- (a) create or permit to exist any Lien over, or claim against any of the Collateral which ranks or could in any event rank in priority to or *pari passu* with any of the Security Interests created by this Security Agreement other than Permitted Liens; or
- (b) grant, sell or otherwise assign its chattel paper.

4.2 The Debtor agrees not to sell, transfer, assign, mortgage, pledge, lease, grant a security interest in or encumber any of its Intellectual Property Collateral, except for non-exclusive licences of its Intellectual Property Collateral and the development of or the grant of an exclusive

licenses with respect to custom Software developed for specific customers and similar arrangements for the use of its Intellectual Property Collateral in the ordinary course of business.

SECTION 5 - OBLIGATIONS SECURED

5.1 This Security Agreement and the Security Interests hereby created are in addition to and not in substitution for any other security interest now or hereafter held by the Bank from the Debtor or from any other person whomsoever and shall be general and continuing security for the payment of all indebtedness and liability of the Debtor to the Bank pursuant to the Loan Agreement and the other Loan Documents, including interest thereon, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate balance thereof, including all advances on current or running account, future advances and re-advances, and for the performance of all obligations of the Debtor to the Bank in connection with the Loan Documents, whether or not contained in this Security Agreement (all of which indebtedness, liability and obligations are hereinafter collectively called the “**Obligations**”).

SECTION 6 - REPRESENTATIONS AND WARRANTIES

6.1 The Debtor represents and warrants that this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Debtor and all other matters and things have been done and performed so as to authorize and make the execution and delivery of this Security Agreement, and the performance of the Debtor’s obligations hereunder, legal, valid and binding.

6.2 The Debtor represents and warrants that the Debtor lawfully owns and possesses all presently held Collateral and has good title thereto, free from all Liens, save only Permitted Liens, and the Debtor has good right and lawful authority to grant a security interest in the Collateral as provided by this Security Agreement.

6.3 The Debtor represents and warrants and, so long as this Security Agreement remains in effect, shall be deemed to continuously represent and warrant that the locations specified in Schedule A as to business operations and records are accurate and complete and with respect to goods (including Inventory) constituting Collateral, the locations specified in Schedule A are accurate and complete save for goods in transit to such locations and Inventory on lease or consignment.

6.4 Except as set out in Schedule B, the Debtor is the sole owner of the Intellectual Property Collateral except for licenses granted on commercially reasonable terms by the Debtor to its customers in the ordinary course of business. Each of the Patents is valid and enforceable and no claim has been made that any part of the Intellectual Property Collateral violates the rights of any third party.

SECTION 7 - COVENANTS OF THE DEBTOR

7.1 The Debtor covenants that at all times while this Security Agreement remains in effect the Debtor will:

- (a) defend the title to the Collateral for the benefit of the Bank against the claims and demands of all persons and will diligently initiate and prosecute legal action against all infringers of the Debtor's rights in the Intellectual Property Collateral;
- (b) fully and effectually maintain and keep maintained the Security Interests hereby created valid and effective;
- (c) maintain the Collateral in good order and repair;
- (d) forthwith pay:
 - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish such security as the Bank may require; and
 - (ii) all Liens which rank or could in any event rank in priority to any Security Interest created by this Security Agreement other than Permitted Liens;
- (e) forthwith, but subject to and to the extent agreed to in the Loan Agreement, pay all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) which may be incurred by the Bank in:
 - (i) inspecting the Collateral;
 - (ii) negotiating, preparing, perfecting and registering this Security Agreement and other documents, whether or not relating to this Security Agreement; and
 - (iii) investigating title to the Collateral;
- (f) forthwith, but subject to and to the extent agreed to in the Loan Agreement, pay all costs, charges, expenses and legal fees and disbursements which may be incurred by the Bank in:
 - (i) taking, recovering and keeping possession of the Collateral; and
 - (ii) all other actions and proceedings taken in connection with the preservation of the Collateral and the enforcement of this Security Agreement and of any other security interest held by the Bank as security for the Obligations;

- (g) at the Bank's request at any time and from time to time execute and deliver such further and other documents and instruments and do all acts and things as are reasonably required by the Bank in order to confirm and perfect, and maintain perfection of, the Security Interests hereby created in favour of the Bank upon any of the Collateral;
- (h) notify the Bank promptly of:
 - (i) any change in the information contained herein relating to the Debtor, its business or the Collateral, including without limitation any change of name or address of the Debtor and any change in the present location of any Collateral;
 - (ii) the details of any material acquisition of Collateral;
 - (iii) any material loss or damage to Collateral;
 - (iv) any material default by any account debtor in payment or other performance of his obligations to the Debtor with respect to any Accounts; and
 - (v) the return to or repossession by the Debtor of Collateral where such return or repossession of Collateral is material in relation to the business of the Debtor;
- (i) prevent Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;
- (j) carry on and conduct its business in a proper and business like manner, including maintenance of proper books of account and records;
- (k) permit the Bank and its representatives, at all reasonable times access to all its Collateral and to all its books of account and records respecting such Collateral for the purpose of inspection and render all assistance reasonably necessary for such inspection subject to the restrictions contained in the Loan Agreement;
- (l) deliver to the Bank from time to time:
 - (i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to Collateral promptly upon request;
 - (ii) all financial statements prepared by or for the Debtor regarding the Debtor's business in accordance with Section 6.2 of the Loan Agreement; and

- (iii) such information concerning Collateral and the Debtor and the Debtor's business and affairs related to the Security Interest as the Bank may require promptly upon request;
- (m) use commercially reasonable efforts to register or cause to be registered (to the extent not already registered) with the Canadian Intellectual Property Office, the United States Patent and Trademark Office or the United States Copyright Office, as the case may be, those registrable intellectual property rights now owned or hereafter developed or acquired by the Debtor, to the extent that the Debtor, in its reasonable business judgment, deems it appropriate to so protect such intellectual property rights. The Debtor shall use commercially reasonable efforts to protect, defend and maintain the validity and enforceability of its Intellectual Property Collateral; and
- (n) promptly give the Bank written notice of any applications or registrations it makes in respect of any Intellectual Property Collateral, including the date of such filing and the registration or application numbers, if any. The Debtor shall execute and deliver such additional instruments and documents from time to time as the Bank shall reasonably request to perfect and maintain the perfection and priority of the Bank's security interest in the Debtor's Intellectual Property Collateral.

7.2 The Debtor covenants that at all times while this Security Agreement remains in effect, without the prior written consent of the Bank, it will not:

- (a) declare or pay any dividends;
- (b) purchase or redeem any of its shares or otherwise reduce its share capital;
- (c) become guarantor of any obligation other than obligations to the Bank; or
- (d) become an endorser in respect of any obligation or otherwise become liable upon any note or other obligation other than bills of exchange deposited to the bank account of the Debtor.

SECTION 8 - INSURANCE

8.1 The Debtor covenants that at all times while this Security Agreement is in effect the Debtor shall keep all insurance in place as required by the Loan Agreement.

SECTION 9 - PERFORMANCE OF OBLIGATIONS

9.1 If the Debtor fails to perform its obligations hereunder, the Bank may, but shall not be obliged to, perform any or all of such obligations without prejudice to any other rights and remedies of the Bank hereunder, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred in connection

therewith shall be payable by the Debtor to the Bank forthwith with interest until paid at the highest rate borne by any of the Obligations.

SECTION 10 - RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

10.1 Except as otherwise provided herein or in the other Loan Documents, without the prior written consent of the Bank the Debtor will not:

- (a) sell, lease or otherwise dispose of the Collateral;
- (b) release, surrender or abandon possession of the Collateral; or
- (c) move or transfer the Collateral from the jurisdictions in which the Security Interests hereby created have been perfected.

10.2 Provided that no Default has occurred, the Debtor may, at any time without the consent of the Bank, lease, sell, licence, consign or otherwise deal with items of Inventory in the ordinary course of its business and for the purposes of carrying on its business.

SECTION 11 - DEFAULT

11.1 The occurrence of any Event of Default shall constitute a “**Default**” under this Security Agreement.

SECTION 12 - ENFORCEMENT

12.1 Upon the occurrence of a Default, the Bank may declare any or all of the Obligations to become immediately due and payable and the security hereby constituted will immediately become enforceable. To enforce and realize on the Security Interests created by this Security Agreement the Bank may take any action permitted by law or in equity, as it may deem expedient, and in particular and without limiting the generality of the foregoing, the Bank may do any of the following:

- (a) appoint by instrument a receiver, receiver and manager or receiver manager (the person so appointed being hereinafter called the “**Receiver**”) of the Collateral, with or without bond as the Bank may determine, and from time to time in its absolute discretion remove such Receiver and appoint another in its stead;
- (b) enter upon any premises of the Debtor and take possession of the Collateral with power to exclude the Debtor, its agents and its servants therefrom, without becoming liable as a mortgagee in possession;
- (c) preserve, protect and maintain the Collateral and make such replacements thereof and repairs and additions thereto as the Bank may deem advisable;

- (d) sell, lease or otherwise dispose of all or any part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained therefor and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to the Bank may seem reasonable, provided that if any sale, lease or other disposition is on credit the Debtor will not be entitled to be credited with the proceeds of such sale, lease or other disposition until the monies therefor are actually received; and
- (e) exercise all of the rights and remedies of a secured party under the Act.

12.2 The Bank is hereby granted a licence or other right, solely pursuant to the provisions of this Section 12, to use without charge the labels, rights of use of any name, trade names, service marks, and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with the Bank's exercise of its rights under this Section 12, the Debtor's rights under all licences and all franchise agreements shall enure to the Bank's benefit.

12.3 A Receiver appointed pursuant to this Security Agreement shall be the agent of the Debtor and not of the Bank and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of the Bank hereunder, and in addition shall have power to carry on the business of the Debtor and for such purpose from time to time to borrow money either secured or unsecured, and if secured by a security interest on any Collateral, such security interest may rank before or *pari passu* with or behind any of the Security Interests created by this Security Agreement, and if it does not so specify such security interest shall rank in priority to the Security Interests created by this Security Agreement.

12.4 Subject to the claims, if any, of the creditors of the Debtor ranking in priority to this Security Agreement, all amounts realized from the disposition of Collateral pursuant to this Security Agreement will be applied as the Bank, in its absolute discretion, may direct as follows:

- (a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred by the Bank in connection with or incidental to:
 - (i) the exercise by the Bank of all or any of the powers granted to it pursuant to this Security Agreement; and
 - (ii) the appointment of the Receiver and the exercise by the Receiver of all or any of the powers granted to it pursuant to this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable to the Receiver;
- (b) in or toward payment to the Bank of all principal and other monies (except interest) due in respect of the Obligations; and

- (c) in or toward payment to the Bank of all interest remaining unpaid in respect of the Obligations.

Subject to applicable law and the claims, if any, of other creditors of the Debtor, any surplus will be paid to the Debtor.

SECTION 13 - DEFICIENCY

If the amounts realized from the disposition of the Collateral are not sufficient to pay the Obligations in full, the Debtor will immediately pay to the Bank the amount of such deficiency.

SECTION 14 - LIABILITY OF BANK

14.1 The Bank shall not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non fulfillment of contracts during any period when the Bank shall manage the Collateral upon entry, as herein provided, nor shall the Bank be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. The Bank shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall the Bank, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall the Bank be obliged to keep any of the Collateral identifiable. The Debtor hereby waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Bank than aforesaid.

SECTION 15 - APPOINTMENT OF ATTORNEY

15.1 The Debtor hereby irrevocably appoints the Bank or the Receiver, as the case may be, with full power of substitution, to be the attorney of the Debtor for and in the name of the Debtor to sign, endorse or execute under seal or otherwise any deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do all things as may be necessary or incidental to the exercise of all or any of the powers conferred on the Bank or the Receiver, as the case may be, pursuant to this Security Agreement.

SECTION 16 - ACCOUNTS

16.1 Notwithstanding any other provision of this Security Agreement, the Bank may collect, realize, sell or otherwise deal with the Accounts or any part thereof in such manner, upon such terms and conditions and at such time or times, whether before or after the occurrence of a Default, as may seem to it advisable, and without notice to the Debtor, except in the case of disposition after the occurrence of a Default and then subject to the provisions of the Act. All monies or other forms of payment received by the Debtor in payment of any Account will be received and held by the Debtor in trust for the Bank.

SECTION 17 - APPROPRIATION OF PAYMENTS

17.1 Any and all payments made in respect of the Obligations from time to time and monies realized from any security interests held therefor (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Bank may see fit, and the Bank may at all times and from time to time change any appropriation as the Bank may see fit.

SECTION 18 - INTENTIONALLY DELETED**SECTION 19 - LIABILITY TO ADVANCE**

19.1 Except to the extent that the Bank:

- (a) by accepting bills of exchange drawn on it by the Debtor; or
- (b) by issuing letters of credit or letters of guarantee on the application of the Debtor;

is required to advance monies on the maturity of such bills or pursuant to such letters of credit or letters of guarantee, as the case may be, none of the preparation, execution, perfection and registration of this Security Agreement or the advance of any monies shall bind the Bank to make any advance or loan or further advance or loan, or renew any note or extend any time for payment of any indebtedness or liability of the Debtor to the Bank.

SECTION 20 - WAIVER

20.1 The Bank may from time to time and at any time waive in whole or in part any right, benefit or default under any clause of this Security Agreement but any such waiver of any right, benefit or default on any occasion shall be deemed not to be a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default, as the case may be. No waiver shall be effective unless it is in writing.

SECTION 21 - NOTICE

21.1 Notice may be given to either party by personal delivery or facsimile transmission to the party for whom it is intended, at the principal address of such party provided herein or at such other address as may be given in writing by such party to the other, and any notice shall be deemed to have been given on delivery or confirmation of transmission if received by 3:00 p.m. local time on a business day or on the next business day if received after that time.

SECTION 22 - EXTENSIONS

22.1 The Bank may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Debtor, account debtors of the Debtor, sureties and others and with Collateral and other security interests as the Bank may see fit without prejudice to the liability of the Debtor or the Bank's right to hold and realize on the Security Interests created by this Security Agreement.

SECTION 23 - NO MERGER

23.1 This Security Agreement shall not operate so as to create any merger or discharge of any of the Obligations, or of any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may hereafter be held by the Bank from the Debtor or from any other person whomsoever. The taking of a judgment with respect to any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

SECTION 24 - RIGHTS CUMULATIVE

24.1 All rights and remedies of the Bank set out in this Security Agreement, and in any other security agreement held by the Bank from the Debtor or any other person whomsoever to secure payment and performance of the Obligations, are cumulative and no right or remedy contained herein or therein is intended to be exclusive but each is in addition to every other right or remedy contained herein or therein or in any future security agreement, or now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Debtor and the Bank that may be in effect from time to time.

SECTION 25 - ASSIGNMENT

25.1 The Bank may, without further notice to the Debtor, at any time assign, transfer or grant a security interest in this Security Agreement and the Security Interests created hereby. The Debtor expressly agrees that the assignee, transferee or secured party, as the case may be, shall have all of the Bank's rights and remedies under this Security Agreement and the Debtor will not assert any defense, counterclaim, right of set off or otherwise any claim which it now has or hereafter acquires against the Bank in any action commenced by such assignee, transferee or secured

party, as the case may be, and will pay the Obligations to the assignee, transferee or secured party, as the case may be, as the Obligations become due.

SECTION 26 - SATISFACTION AND DISCHARGE

26.1 Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to the Bank shall be deemed not to be a redemption or discharge of this Security Agreement. The Debtor shall be entitled to a release and discharge of this Security Agreement and the Security Interests upon full payment and satisfaction of all Obligations, and upon written request by the Debtor and payment to the Bank of a commercially reasonable discharge fee to be fixed by the Bank and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by the Bank in connection with the Obligations and such release and discharge.

SECTION 27 - ENUREMENT

27.1 This Security Agreement shall enure to the benefit of the Bank and its successors and assigns, and shall be binding upon the successors and permitted assigns of the Debtor.

SECTION 28 – PARAMOUNTCY

28.1 If there is a conflict between the provisions of this Security Agreement and the Loan Agreement, the Loan Agreement shall prevail.

SECTION 29 - INTERPRETATION

29.1 In this Security Agreement each term denoted herein by initial capital letter and not otherwise defined herein shall have the meaning ascribed thereto in the Loan Agreement:

“Account” has the meaning assigned in Section 1.1(c) of this Security Agreement.

“Collateral” has the meaning set out in Section 1.2 hereof and any reference to Collateral shall, unless the context otherwise requires, be deemed to be a reference to Collateral as a whole or any part thereof.

“Contracts” means all contractual, allied ancillary and subsidiary rights, rights in intangibles and all properties and things of value pertaining to the Collateral other than Intellectual Property Collateral including, without limitation, all rights and benefits arising in favour of the Debtor under contracts to which it is a party or pursuant to which it receives a benefit.

“Default” has the meaning assigned in Section 11.1 of this Security Agreement.

“Equipment” has the meaning assigned in Section 1.1(a) of this Security Agreement.

“**Inventory**” has the meaning assigned in Section 1.1(b) of this Security Agreement.

“**Licence Agreements**” means Grantor Licences.

“**Loan Agreement**” means the loan agreement made as of the date hereof between, *inter alia*, the Bank, Avotus Inc., and the Debtor as amended, varied, supplemented, restated, renewed or replaced from time to time.

“**Obligations**” has the meaning assigned in Section 5.1 of this Security Agreement.

“**Real Property**” has the meaning assigned in Section 1.1(g) of this Security Agreement.

“**Receiver**” has the meaning assigned in Section 12.1 of this Security Agreement.

“**Restricted Assets**” has the meaning assigned in Section 1.3 of this Security Agreement.

“**Security Agreement**” means this agreement, including the Schedules hereto, as amended, varied, supplemented, restated, renewed or replaced from time to time.

“**Security Interests**” has the meaning assigned in Section 1.2 of this Security Agreement.

“**the Act**” means the *Personal Property Security Act* (Ontario) and all regulations thereunder, as amended from time to time.

29.2 Words and expressions used herein that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined herein or unless the context otherwise requires.

29.3 The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause.

29.4 The headings of the clauses of this Security Agreement have been inserted for reference only and do not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.

29.5 This Security Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

SECTION 30 - COPY OF AGREEMENT AND FINANCING STATEMENT

30.1 The Debtor hereby:

- (a) acknowledges receiving a copy of this Security Agreement; and

- (b) waives all rights to receive from the Bank a copy of any financing statement or financing change statement filed, or any verification statement received, at any time in respect of this Security Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Debtor has executed this Security Agreement as of the date first set out above.

AVOTUS CORPORATION

By: *B. K. Smith*
Name:
Title:

Schedule A

1. Locations of Debtor's Chief Executive Office, Corporate Office, Principal Place of Business and Business Operations

Chief Executive Office and Principal Place of Business

110 Matheson Blvd. W., Suite 300
Mississauga, Ontario
L5R 4G7

Regional Offices and Business Operations

Quebec:

1550 Ampère,
Boucherville, QC Canada
Bureau #305 J4B 7L4

Massachusetts:

1 Van De Graaff Drive
Suite 404
Burlington MA 01803

New Jersey Operations:

430 Mountain Avenue
Murray Hill, NJ 07974

Salt Lake City Operations:

6925 So. Union Park Center
Suite 310
Midvale, Utah 84047

US – Western Regional Office:

1001 Bay Hill Drive, 2nd. Floor
San Bruno, CA 94066

2. Locations of Books and Records relating to Collateral and Account Debtors (if different from 1 above)

3. All Warehouses and Premises Where Collateral is Stored or Located (if different from 1 above)

Schedule B**INTELLECTUAL PROPERTY COLLATERAL****CANADIAN INTELLECTUAL PROPERTY COLLATERAL****Canadian Trademarks:**

Owner	Mark	Registration	Application	Date Registered	Wares and/or Services (Abbreviated)
Avotus Corporation	Avotus Corporation	TMA595477	1138087	November 21, 2003	Computer software and hardware; voice and data network communications infrastructure monitoring and management services
Avotus Corporation	Avotus and Design	TMA595608	1138086	November 25, 2003	Computer software and hardware; voice and data network communications infrastructure monitoring and management services
MDR Switchview Global Networks Inc. (predecessor to Avotus Corporation)	Aquilium	TMA462241	0744771	August 30, 1996	Computer software and printed publications, namely manuals, relating thereto.

MDR Technologies Inc. (predecessor to Avotus Corporation)	MILLENNIUM TELEMANAGEMENT PORTFOLIO	TMA532478			
MDR Telemanagement Ltd. (predecessor to Avotus Corporation)	THE TELEMANAGER	TMA408786			
MDR Telemanagement Ltd. (predecessor to Avotus Corporation)	EASYMENU	TMA395600			
MDR Telemanagement Ltd. (predecessor to Avotus Corporation)	EASYED	TMA392768			


Canadian Unregistered Trademarks:

Mark			
ICM			
Avotus Expense Management			
Avotus ICM Usage Management			

Canadian Patents:

None.

U.S. INTELLECTUAL PROPERTY COLLATERAL**U.S. Trademarks:**

Mark	App. No.	Reg. No.	Filing Date	Reg. Date
AVOTUS CORPORATION	78/143971	2,930,477	7/15/2002	3/8/2005
AVOTUS (and Design)	78/143945	2,932,678	7/15/2002	3/15/2005
				

U.S. Patents

None.

U.S. Copyrights

None.