

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
Osprey Pharmaceuticals Limited dba Pharmaceutiques Osprey		12/20/2006	CORPORATION: CANADA
RECEIVING PARTY DATA			
Name:	MMV Financial Inc.		
Street Address:	95 Wellington Street West, 22nd Floor		
City:	Toronto		
State/Country:	CANADA		
Postal Code:	M5J 2N7		
Entity Type:	CORPORATION: CANADA		
PROPERTY NUMBERS Total: 2			
Property Type	Number	Word Mark	
Serial Number:	76404352	OSPREY PHARMACEUTICALS	
Serial Number:	78253183	OSPREY PHARMACEUTICALS	
CORRESPONDENCE DATA			
Fax Number:	(202)637-3593		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	202-383-0100		
Email:	eteas@sablaw.com		
Correspondent Name:	David Weslow-Sutherland Abill Brennan		
Address Line 1:	1275 Pennsylvania Avenue, NW		
Address Line 4:	Washington, DISTRICT OF COLUMBIA 20004-2415		
ATTORNEY DOCKET NUMBER:	64329.OSPREY		
DOMESTIC REPRESENTATIVE			
Name:	David Weslow - Sutherland Asbill Brennan		

CH \$65.00 76404352

Address Line 1: 1275 Pennsylvania Avenue, NW
Address Line 4: Washington, DISTRICT OF COLUMBIA 20004-2415

NAME OF SUBMITTER:	David E. Weslow
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Signature:	/David E. Weslow/
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Date:	12/22/2006
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Total Attachments: 18
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DEED OF HYPOTHEC

BETWEEN:

OSPREY PHARMACEUTICALS LIMITED (d.b.a. **PHARMACEUTIQUES OSPREY**), a corporation duly incorporated under the laws of Canada, having a place of business at 7150 Frederick-Banting Street, Suite 100, Saint-Laurent, Québec, H4S 2A1, herein acting and represented by Robert Wagstaff, its Chief Financial Officer, duly authorized pursuant to a resolution of the Board of Directors of said corporation, dated December 20, 2006;

(hereinafter referred to as the "Grantor")

OF THE FIRST PART

AND:

MMV FINANCIAL INC., a corporation duly incorporated under the *Canada Business Corporations Act*, having a place of business at 95 Wellington Street West, 22nd Floor, in the City of Toronto, Province of Ontario, M5J 2N7, herein acting and represented by Ron Patterson, its Executive Vice-President and its duly authorized representative;

(hereinafter referred to as the "Secured Party")

OF THE SECOND PART

PRELIMINARY STATEMENTS

- A. The Grantor is indebted or liable or may become indebted or liable to the Secured Party pursuant to a Credit Agreement between the Secured Party, as lender, and the Grantor, as borrower, dated as of the 20th day of December, 2006 (as amended, restated, supplemented or replaced from time to time, the "Credit Agreement").
- B. To secure the payment and performance of the Liabilities (this term and other capitalized terms used in this Agreement have the meanings set forth in Section 1), the Grantor has agreed to grant to the Secured Party a universal movable hypothec over the Collateral in accordance with the terms of this Agreement.

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by the Grantor, the Grantor agrees with the Secured Party as follows:

SECTION 1

DEFINITIONS

1.1 Definitions

Unless defined herein, capitalized terms which are defined in the Credit Agreement shall have the meanings attributed thereto, therein and for the purposes of this Agreement where the context does not otherwise require, the following terms shall have the following meanings:

- (a) “**Agreement**” means this agreement and the schedules hereto and any amendments or supplements to this agreement or the schedules at any time and from time to time;
- (b) “**Books and Records**” means all books, records, files, papers, disks, documents and other repositories of data recording in any form or medium, evidencing or relating to the Collateral which are at any time owned by the Grantor or to which the Grantor (or any Person on the Grantor’s behalf) has access;
- (c) “**Claims**” means, regardless of the debtors or the situs thereof, any and all claims, customer accounts, book debts, accounts receivable and any other amounts or property now or hereafter owing to the Grantor, either absolutely or conditionally, including all claims and indemnities payable under insurance policies covering the same, all deposits and credit balances with financial institutions, suppliers or others, all judgments, rights and accessories thereto, all encumbrances in support thereof and all books, papers, invoices, notes and data files evidencing, recording or supporting the same.
- (d) “**Collateral**” means all of the Grantor’s right, title and interest in and to all of its present and future Movable Property (including any Movable Property that may be described in any Schedule to this Agreement or any schedules, documents or listings that the Grantor may from time to time sign and provide to the Secured Party in connection with this Agreement) of the Grantor (including all such property at any time owned or acquired by the Grantor, or to which the Grantor is or may at any time become entitled) and all accessions thereto, and all proceeds thereof, in any such case wherever located;
- (e) “**Contracts**” means all contracts, licenses and agreements to which the Grantor is at any time a party or pursuant to which the Grantor has at any time acquired rights, as such contracts, licenses and agreements may from time to time be amended or restated and includes (i) all rights of the Grantor to receive money due and to become due to it in connection with a contract, licence or agreement, (ii) all rights of the Grantor to damages arising out of, or for breach or default in respect of, a contract, licence or agreement and (iii) all rights of the Grantor to perform and exercise all remedies in connection with a contract, licence or agreement;

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- (f) **"Intellectual Property"** of the Grantor means:
- (i) inventions, discoveries, methods, letters patent, applications for letters patent, renewals, reissues, extensions, divisions, continuations and continuations-in-part;
 - (ii) trademarks and service marks (and the goodwill pertaining thereto), tradenames or corporate names and any application, registration, or renewal pertaining thereto;
 - (iii) copyright in works, including, but not limited to, computer software, documentation, source code, object code and all registrations and records thereof and any programmable media, paper or other media on which such works are fixed;
 - (iv) industrial or patent designs, integrated circuit topographies and any registration thereof;
 - (v) trade secrets, including know-how, ideas, plans, algorithms, hardware, firmware and architectures, whether in written, graphic or oral form;
 - (vi) applications or registrations set out in Schedule "A";
 - (vii) any future developments or improvements relating to intellectual and industrial property set out in (i) to (vi) above;
 - (viii) the right to take action for any infringement of rights in intellectual and industrial property prior to execution of this Agreement; and
 - (ix) any option or right to make, use, sell, copy, modify, distribute, have made, create derivative works from or sublicense any intellectual or industrial property, including, without limitation, all rights acquired under any Licence Agreement;
- in Canada, the United States and all other countries worldwide;
- (g) **"Liabilities"** means all present and future indebtedness, liabilities and obligations of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent matured or unmatured) of the Grantor to the Secured Party under, pursuant to, or in connection with the Credit Agreement, up to a maximum principal amount of US\$3,000,000, together with interest thereon and any unpaid balance thereof;
- (h) **"License Agreements"** means all agreements pursuant to which the Grantor has obtained rights or an option to acquire rights or has granted to a Person rights or an option to acquire rights to use any Intellectual Property owned by a Person or the Grantor, respectively;

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- (i) **“Movable Property”** means all corporeal and incorporeal movable property, and includes Contracts, Claims and accounts, receivables, money, inventory, equipment, Books and Records, goods, documents of title, instruments, securities, general intangibles and Intellectual Property, including, without limitation, any tax credits, tax refunds or other sums of similar nature due or to become due to the Grantor by any Governmental Authority, as well as all accessions to any of the foregoing;
- (j) **“Permits”** means all permits, licenses authorizations, approvals, franchises, rights-of-way, easements and entitlements that the Grantor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business; and
- (k) **“Receiver”** means a receiver, a manager or a receiver and manager.

1.2 Canadian Currency

Unless otherwise specified herein, all amounts and values referred to in this Agreement shall be calculated in Canadian Dollars.

1.3 Interest Act

All annual rates of interest referred to herein are based on a calendar year of 365 days (or 366 days in the case of leap-years).

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

1.5 References

All references to Sections, Articles and Schedules are to Sections and Articles of and Schedules to this Agreement. The words “hereto”, “herein”, “hereof”, “hereunder”, “this Agreement” and similar expressions mean and refer to this Agreement.

1.6 Number and Gender

Where the context so requires, words importing the singular include the plural and vice versa, and words importing gender include the masculine, feminine and neuter genders.

SECTION 2

GRANT OF HYPOTHEC

As general and continuing collateral security for the due payment and performance of the Liabilities including the costs incurred for recovering the Principal (as defined below) and any

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interest as well as for conserving the Collateral, the Grantor hereby hypothecates the Collateral to the Secured Party, with effect as and from this date, to the extent of a principal amount of Five Million Canadian Dollars (CDN \$5,000,000) (the "Principal") in legal tender of Canada, with interest thereon at a rate of twenty-five percent (25%) per annum (the "Hypothec"). For greater certainty, the Hypothec shall not secure payment under the Note.

SECTION 3

LIMITATION ON GRANT OF HYPOTHEC

If any of the Collateral may not be assigned, subleased, charged or encumbered without leave, license, consent or approval of the applicable counterparty, a Governmental Authority or any other person, the Hypothec created hereby on any such property shall be under the suspensive condition of obtaining such leave, license, consent or approval and, upon the exercise by the Secured Party of any hypothecary recourses in respect of such Collateral, same shall be deemed to be held by the Grantor as mandatary or depositary for and on behalf of the Secured Party.

SECTION 4

EFFECT

The Hypothec will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement, and the execution of this Agreement shall not oblige the Secured Party to advance any funds or any additional funds.

SECTION 5

REPRESENTATIONS AND WARRANTIES

The Grantor reiterates to the Secured Party all representations and warranties made by the Grantor with respect to the Collateral in the Credit Agreement.

SECTION 6

SURVIVAL OF REPRESENTATIONS AND WARRANTIES

All agreements, representations, warranties and covenants made by the Grantor in this Agreement and in the Credit Agreement are material, will be considered to have been relied on by the Secured Party and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Secured Party and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Grantor that, if exercised, would result in the existence of Liabilities.

SECTION 7

COVENANTS

The Grantor covenants and agrees with the Secured Party that:

- (a) Further Documentation. The Grantor will from time to time at its expense promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Secured Party may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any registrations or amendments thereto under any applicable legislation with respect to the Hypothec). The Grantor acknowledges that this Agreement has been prepared based on the existing laws in the jurisdiction referred to in the "Governing Law" section of this Agreement and that a change in such laws, or the laws of other jurisdictions, may require the execution and delivery of different forms of security documentation. Accordingly, the Grantor agrees that the Secured Party will have the right to require that this Agreement be amended, supplemented or replaced, and that the Grantor will immediately, on request by the Secured Party, authorize, execute and deliver any such amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Grantor merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Secured Party hypothecs similar to, and having the same effect as, the Hypothec.
- (b) Payment of Expenses: Indemnification. The Grantor will pay within 30 days of demand therefor, and will indemnify and save the Secured Party harmless from, any and all liabilities, reasonable costs and expenses (including reasonable legal fees and expenses and any sales, goods and services or other similar taxes payable to any Governmental Authority with respect to any such liabilities, costs and expenses) (i) incurred by the Secured Party in the preparation and registration of this Agreement (ii) incurred by the Secured Party in the interpretation or enforcement of this Agreement, (iii) with respect to, or resulting from, any failure or delay by the Grantor in performing or observing any of its obligations under this Agreement, or (iv) incurred by the Secured Party in performing or observing any of the other covenants of the Grantor under this Agreement.
- (c) Maintenance of Records. The Grantor will keep and maintain accurate and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the accounts and Contracts. At the written request of the Secured Party, the Grantor will mark any Collateral specified by the Secured Party to evidence the existence of the Hypothec.
- (d) Limitations on Other Security Interests. Except as otherwise permitted pursuant to the Credit Agreement, the Grantor will not create, incur or permit to exist, and

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will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests on and claims in respect of the Collateral other than the Hypothec, Security Interests related to Permitted Encumbrances or as permitted in writing by the Secured Party, and the Grantor will defend the right, title and interest of the Secured Party in and to the Collateral against the claims and demands of all Persons.

- (e) Limitations on Dispositions of Collateral. During the existence of a Default, all proceeds of the Collateral (including all amounts received in respect of accounts), whether or not arising in the ordinary course of the Grantor's business, will be received by the Grantor as mandatary for the Secured Party and will be immediately paid to the Secured Party.
- (f) Further Identification of Collateral. The Grantor will promptly furnish to the Secured Party such statements and schedules further identifying and describing the Collateral, and such other reports in connection with the Collateral, as the Secured Party may from time to time reasonably request.
- (g) Notices. The Grantor will advise the Secured Party promptly, in reasonable detail, of (i) any Security Interest (other than the Hypothec, Security Interests relating to Permitted Encumbrances and any Security Interest permitted in writing by the Secured Party) on, or claim asserted against, any of the Collateral, and (ii) any additional jurisdiction in which material accounts debtors of the Grantor are located.
- (h) Delivery of Agreements Regarding Intellectual Property. The Grantor will promptly, following demand from time to time by the Secured Party, authorize, execute and deliver any and all agreements, instruments, documents and papers that the Secured Party may request to evidence and publish the Secured Party's hypothec in any Collateral including, more specifically, the Intellectual Property.

SECTION 8

SPECIAL PROVISIONS RELATIVE TO THE CLAIMS

- 8.1 The Secured Party authorizes the Grantor to manage and collect the Claims in the ordinary course of business. Such authorization may nevertheless be withdrawn at any time after the occurrence of an Event of Default and during continuance of same (but without any obligation on the part of the Secured Party to establish that the Grantor has been negligent or has refused to avail itself of its rights), whereupon the Secured Party shall be free to notify the account debtors or obligors in respect of any of the Claims and direct such account debtors or obligors to make payment of such Claims directly to the Secured Party and to otherwise do any of the following, without any interference or consent on the part of the Grantor, without being bound (to the full extent permitted by law) by the rules respecting the administration of the property of others:

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- (a) collect the Claims and apply such proceeds (net of all collection costs and the reasonable remuneration of the Secured Party at the customary rates) in such manner as it shall deem appropriate;
- (b) give valid acquittals for any sums paid by third party debtors at any time after as well as before the creation of this security, and unilaterally cause, with or without consideration, the cancellation or reduction of any encumbrance securing the Claims or any part thereof; and
- (c) renegotiate, terminate or operate novation of the Claims in whole or in part upon such terms and conditions as it shall deem reasonable, take and give up security and generally exercise, but without any obligation to do so and at its entire discretion, all rights of the Grantor with respect to the Claims, it being understood that the Secured Party is relieved of any obligation to inform the Grantor of any irregularity in the payment of any Claim and it shall incur no liability for any loss or damage which may result from the exercise of its rights except in the case of its own intentional or gross fault.

Any amount received by the Grantor with respect to the Claims after a withdrawal of authorization as aforesaid shall be deemed so received as mandatary or depository of the Secured Party and shall forthwith be remitted to the latter without demand or notice.

SECTION 9

RIGHTS DURING AN EVENT OF DEFAULT

- 9.1 During the existence of an Event of Default which is continuing, the security constituted by this Agreement will become enforceable, and the Secured Party may, personally or by agent at such time or times as the Secured Party, in its discretion, to the extent permitted by Applicable Law, do any one or more of the following:
- (a) Rights under Statute etc. Exercise all of the rights and remedies granted to secured parties under any applicable statute, or otherwise available to the Secured Party at law or in equity, including namely the hypothecary recourses prescribed by the *Civil Code of Québec*.
 - (b) Demand Possession. Demand possession of any or all of the Collateral in which event the Grantor will, at its own expense, immediately cause the Collateral designated by the Secured Party to be made available and/or delivered to the Secured Party at any place designated by the Secured Party.
 - (c) Take Possession. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral.
 - (d) Use of Collateral. Hold, store and keep idle, or operate, lease or otherwise use or permit the use of any or all of the Collateral for such time and on such terms as the Secured Party may determine, and demand, collect and retain all earnings and

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other sums due or to become due from any Person in respect of any of the Collateral.

- (e) Carry on Business. Carry on, or concur in the carrying on of, any or all of the business or undertaking of the Grantor and enter on, occupy and use (without charge by the Grantor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Grantor.
- (f) Deal with Collateral. Seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as the Secured Party deems advisable.
- (g) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Secured Party or elsewhere, on such terms and conditions as the Secured Party may deem advisable and at such prices as it may deem best.
- (h) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.
- (i) Purchase by Secured Party. At any public sale, and to the extent permitted by Applicable Law on any private sale, bid for and purchase any or all of the Collateral offered for sale and, upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Grantor or any other Person with respect to such holding, retention or disposition, except as required by Applicable Law. In any such sale to the Secured Party, the Secured Party may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.
- (j) Payment of Liabilities. Pay any liability secured by a prior claim against any Collateral or by any hypothec against any Collateral. The Grantor will immediately on demand reimburse the Secured Party for all such payments.
- (k) Appoint Receiver. Appoint by instrument in writing one or more Receivers over the Grantor or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of the Secured Party under this Agreement and the Credit Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by Applicable Law, any Receiver appointed by the Secured Party will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Grantor and not of the Secured Party.
- (l) Court-Appointed Receiver. Apply to a court of competent jurisdiction for the appointment of a Receiver of the Grantor or of any or all of the Collateral.

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Following the occurrence and during the continuance of an Event of Default, the Secured Party may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, or notice of any kind other than those required by Applicable Law to or on the Grantor or any other Person, and the Grantor by this Agreement waives each such demand, and notice to the extent permitted by Applicable Law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. Without prejudice to the ability of the Secured Party to dispose of the Collateral in any manner which is commercially reasonable, the Grantor acknowledges that a disposition of Collateral by the Secured Party which takes place substantially in accordance with the following provisions will be deemed to be commercially reasonable:

- (i) Collateral may be disposed of in whole or in part;
- (ii) Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (iii) any purchaser or lessee of Collateral may be a customer of the Secured Party;
- (iv) a disposition of Collateral may be on such terms and conditions as the Secured Party may determine to be commercially reasonable; and
- (v) the Secured Party may establish an upset or reserve bid or price in respect of Collateral.

SECTION 10

APPLICATION OF PROCEEDS

All proceeds of Collateral received by the Secured Party or a Receiver following the occurrence of an Event of Default which is continuing may be applied to discharge or satisfy any expenses (including the Receiver's remuneration and other expenses of enforcing the Secured Party's rights under this Agreement), Security Interests in favour of Persons other than the Secured Party and ranking in priority over the Hypothec, borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by the Secured Party or the Receiver to protect, preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Security Interests on the Collateral ranking in priority to the Hypothec, or to sell, lease or otherwise dispose of the Collateral. The balance of such proceeds may, at the sole discretion of the Secured Party, be held as collateral security for the Liabilities or be applied to such of the Liabilities (whether or not the same are due and payable) in such manner and at such times as the Secured Party considers appropriate and thereafter will be accounted for as required by Applicable Law.

SECTION 11

SECURED PARTY APPOINTED ATTORNEY-IN-FACT

The Grantor constitutes and appoints the Secured Party and any officer or agent of the Secured Party, with full power of substitution, as the Grantor's true and lawful attorney-in-fact with full power and authority in the place of the Grantor and in the name of the Grantor or in its own name, from time to time in the Secured Party's discretion, following the occurrence of an Event of Default which is continuing, to take any and all appropriate actions and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Hypothec is released. Nothing in this Section affects the right of the Secured Party or any other Person, to sign and file or deliver (as applicable) all applications for registration in the Register of Personal and Movable Real Rights, notices and other documents relating to the Collateral and this Agreement as the Secured Party or such other Person considers appropriate.

SECTION 12

SECURED PARTY MAY PERFORM

If the Grantor fails to perform or comply with any of its obligations under this Agreement, the Secured Party may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance will not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Secured Party incurred in connection with any such performance or compliance will be payable by the Grantor to the Secured Party on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Hypothec.

SECTION 13

INTEREST

If any amount payable to the Secured Party under this Agreement is not paid when due, the Grantor will pay to the Secured Party, immediately on demand, interest on such amount from the date due until paid, at the Default Rate. All amounts payable by the Grantor to the Secured Party under this Agreement, and all interest on all such amounts, compounded monthly on the last Business Day of each month, will form part of the Liabilities and will be secured by the Hypothec.

SECTION 14

SEVERABILITY

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of

this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 15

RIGHTS OF SECURED PARTY AND SECURED PARTY OBLIGATIONS

- 15.1 (a) Limitations on Secured Party's Liability. The Secured Party will not be liable to the Grantor or any other Person for any failure or delay in exercising any of its rights under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Secured Party, a Receiver nor any agent of the foregoing is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons under any Collateral in its possession. Neither the Secured Party nor any Receiver will be liable for any, and the Grantor will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Secured Party or any Receiver) caused for any reason other than the gross negligence or wilful misconduct of the Secured Party or such Receiver.
- (b) Grantor Remains Liable under Accounts and Contracts. Notwithstanding any provision of this Agreement, the Grantor will remain liable under each of the accounts and Contracts to observe and perform all the conditions and obligations to be observed and performed by the Grantor thereunder, all in accordance with the terms of any agreement giving rise to each such account or in accordance with and pursuant to the terms and provisions of each such Contract. The Secured Party will have no obligation or liability under any account (or any agreement giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Secured Party of any payment relating to such account or Contract pursuant hereto, and in particular (but without limitation), the Secured Party will not be obligated in any manner to perform any of the obligations of the Grantor under or pursuant to any account (or any agreement giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any account (or any agreement giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time.
- (c) Notice to Account Debtors and Contracting Parties. Upon the occurrence of an Event of Default which is continuing, the Secured Party may (i) notify account debtors on the accounts and parties to the Contracts that the accounts and the Contracts have been hypothecated in favour of the Secured Party and that payments in respect thereof will be made directly to the Secured Party and (ii) in its own name or in the name of others (including the Grantor) communicate with account debtors on the accounts and parties to the Contracts to verify with them to

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its satisfaction the existence, status, amount and terms of any account or any Contract.

SECTION 16

DEALINGS BY SECURED PARTY

The Secured Party will not be obliged to exhaust its recourse against the Grantor or any other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as the Secured Party may consider desirable. The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Grantor and any other Person, and with any or all of the Collateral, and with other security and sureties, as the Secured Party may see fit, all without prejudice to the Liabilities or to the rights and remedies of the Secured Party under this Agreement. The powers conferred on the Secured Party under this Agreement are solely to protect the respective interests of the Secured Party in the Collateral and will not impose any duty upon the Secured Party to exercise any such powers.

SECTION 17

NOTICES

Any communication required or permitted to be given under this Agreement will be in writing and will be effectively made and given if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by facsimile transmission or other similar means of electronic communication, in each case to the address or facsimile number of the Grantor or Secured Party as set out in the Credit Agreement. Any communication so given will be deemed to have been given and to have been received in accordance with Section 12.01 of the Credit Agreement.

SECTION 18

RELEASE OF INFORMATION

The Grantor authorizes the Secured Party to provide a copy of this Agreement and such other information as may be requested of the Secured Party to Persons entitled thereto pursuant to any Applicable Law, and otherwise with the consent of the Grantor.

SECTION 19

WAIVERS AND INDEMNITY

None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the parties hereto. The Secured Party will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Secured Party, any right, power

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or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Secured Party of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which the Secured Party would otherwise have on any future occasion. To the extent permitted by Applicable Law, neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Grantor to pay the Liabilities, nor will the same operate as a modification of any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Grantor agrees to indemnify the Secured Party from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or wilful misconduct of the Secured Party) which may be imposed on, incurred by, or asserted against the Secured Party and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission to do any act legally required by the Grantor. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Hypothec.

SECTION 20

AMALGAMATION

The Grantor acknowledges that if it merges or consolidates with any other corporation or corporations, then (i) the Collateral and the Hypothec will extend to and include all of the property and assets of each of the merging or consolidating corporations and the merged or consolidated corporation and any property or assets of the merged or consolidated corporation thereafter owned or acquired, (ii) the term "Grantor", where used in its Agreement, will extend to and include each of the merging or consolidating corporations and the merged or consolidated corporation; and (iii) the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of each of the merging or consolidating corporations and the merged or consolidated corporation.

SECTION 21

GOVERNING LAW; ATTORNMENT

This Agreement will be governed by and construed in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein. Without prejudice to the ability of the Secured Party to enforce this Agreement in any other proper jurisdiction, the Grantor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such province. To the extent permitted by Applicable Law, the Grantor irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of such Province.

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SECTION 22

CONFLICT

In the event that there is any conflict or inconsistency between the provisions contained in this Agreement and the provisions contained in the Credit Agreement, then the provisions of the Credit Agreement shall have priority over and shall govern to the extent of such conflict or inconsistency.

SECTION 23

SUCCESSORS AND ASSIGNS

This Agreement will enure to the benefit of, and be binding on, the Grantor and its successors and permitted assigns, and will enure to the benefit of, and be binding on, the Secured Party and its successors and assigns. The Grantor may not assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the Secured Party.

SECTION 24

ACKNOWLEDGEMENT OF RECEIPT / WAIVER

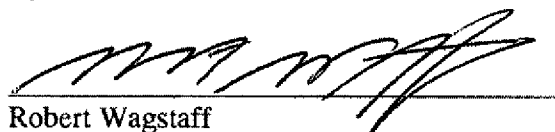
The Grantor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by Applicable Law, waives the right to receive a copy of any certified statement of registration, registration change statement or verification statement in respect of any registered statement or registered change statement prepared, registered or issued in connection with this Agreement.

The parties confirm their express wish that this Agreement and all documents related thereto be drawn up in English. *Les parties confirment leur volonté expresse de voir le présent contrat et tous les documents s'y rattachant être rédigés en anglais.*

THE PARTIES HERETO HAVE EXECUTED THIS DEED OF HYPOTHEC ON THIS 20TH DAY OF DECEMBER, 2006.

OSPREY PHARMACEUTICALS LIMITED

By:



Robert Wagstaff
Chief Financial Officer

Notice Address:

7150 Frederick-Banting Street
Suite 100

EXECUTION COPY

Saint-Laurent, Québec
H4S 2A1

Attention: Robert Wagstaff
Chief Financial Officer


Facsimile No.: (514) 336-4072

with a copy to:

Lapointe Rosenstein LLP
1250 René-Lévesque Boulevard West
Suite 1400
Montréal, Québec, H3B 5E9

Attention: Elizabeth Pedzik
Facsimile No.: (514) 925-5047

MMV FINANCIAL INC.

By: 

Ron Paterson
Executive Vice-President

Notice Address:

95 Wellington Street West, 22nd Floor
Toronto, Ontario
M5J 2N7

Attention: Jacques Perreault, Senior Vice-President

Facsimile No.: (416) 591-1393

SCHEDULE "A"

INTELLECTUAL PROPERTY

OSPREY PHARMACEUTICALS LIMITED: STRICTLY CONFIDENTIAL

PATENTS

All Applications have priority date of 22 Jul 98

<u>Country</u>	<u>Date Filed</u>	<u>App</u>	<u>Subject Matter</u>	<u>Status</u>
US	22 Jul 98	09/120/523	(PARENT) Methods & Composition	Abandoned For CIP
US	22 Jul 98	09/360,242	(CIP) Methods	Allowed
US	02 Dec 99	09/453,851	Protein Sequences	Allowed
US	22 Feb 01	09/792,793	Nucleotide Sequences	Allowed
US	24 Feb 03	10/375,209	Antiviral (HIV) Methods	Abandoned
US	24 Feb 06	11/361,977	Antiviral (HIV) Methods	Pending

Europe

Regional 21 Jul 99 99932572.3 "----- as above -----" Granted Aug 03

Application 99932572.3 was granted by the European Patent Office in August 2003 and assigned patent number 1098664. National validation is complete in the following countries:

Austria	21 Jul 99	Europe Nat. 601AT	Hong Kong	21 Jul 99	011075463 601HK
Belgium	21 Jul 99	Europe Nat. 601BE	Ireland	21 Jul 99	Europe Nat. 601IE
Denmark	21 Jul 99	Europe Nat. 601DE	Italy	21 Jul 99	Europe Nat. 601IT
France	21 Jul 99	Europe Nat. 601FR	Netherlands	21 Jul 99	Europe Nat. 601NL
Germany	21 Jul 99	Europe Nat. 601DE	Spain	21 Jul 99	Europe Nat. 601ES
G. Britain	21 Jul 99	Europe Nat. 601GB	Sweden	21 Jul 99	Europe Nat. 601SE
Greece	21 Jul 99	Europe Nat. 601GR	Switzerland	21 Jul 99	Europe Nat. 601CH

Application 03076150.6, a European divisional application of the parent application 99932572.3 was granted by the European Patent Office in June 2006. National validation is underway in the same countries listed above.

The following international applications are the nationally filed derivatives of W000/4926. All Applications are in good-standing and pending grant.

Australia	21 Jul 99	48918/99 601AU
Canada	21 Jul 99	21,335,105 601CA
Japan	21 Jul 99	2000,560919 601JP
Israel	21 Jul 99	140893 601IL

TRADEMARKS

Country	Trademark	Class	Appln. No.	Filing Date	Status	Substatus
Canada	OSPREY PHARMACEUTICALS		1,158,001	11/4/2002	Filed	Pending
European Union	OSPREY PHARMACEUTICALS	1,5,42	2918415	11/5/2002	Filed	Pending
Japan	OSPREY PHARMACEUTICALS	1,5,42	2002-93710	11/5/2002	Filed	Pending
United States	OSPREY PHARMACEUTICALS	1,5,42	76/404,352	5/7/2002	Filed	Allowed
United States	OSPREY PHARMACEUTICALS	5	78/253,183	5/22/2003	Filed	Allowed

INTERNET DOMAIN NAMES

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NONE.