

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
Yangaroo Inc.		03/22/2010	CORPORATION: CANADA

RECEIVING PARTY DATA

Name:	James Muir
Street Address:	66 Wellington St W, Ste 4200 Toronto Dominion Bank Tower
Internal Address:	c/o Fasken Martineau Du Moulin LLP, Attn Gregory Ho Yuen, Box 20 Toronto-Dominion Centre
City:	Toronto ON
State/Country:	CANADA
Postal Code:	M5K 1N6
Entity Type:	INDIVIDUAL:

Name:	Jon D. Gill
Street Address:	66 Wellington St W, Ste 4200 Toronto Dominion Bank Tower
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City:	Toronto ON
State/Country:	CANADA
Postal Code:	M5K 1N6
Entity Type:	INDIVIDUAL:

Name:	Ross Fidler Associates Inc.
Street Address:	66 Wellington St W, Ste 4200 Toronto Dominion Bank Tower
Internal Address:	C/o Fasken Martineau Du Moulin LLP, Box 20 Toronto-Dominion Centre
City:	Toronto ON
State/Country:	CANADA
Postal Code:	M5K 1N6
Entity Type:	CORPORATION:

Name:	Laine Mans
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CH \$115.00 77199326

Street Address:	66 Wellington St W, Ste 4200 Toronto Dominion Bank Tower
Internal Address:	C/o Fasken Martineau Du Moulin LLP, Box 20 Toronto-Dominion Centre
City:	Toronto ON
State/Country:	CANADA
Postal Code:	M5K 1N6
Entity Type:	INDIVIDUAL:

Name:	Peter Homenuck
Street Address:	66 Wellington St W, Ste 4200 Toronto Dominion Bank Tower
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Postal Code:	M5K 1N6
Entity Type:	INDIVIDUAL:

Name:	Edward F. Seagram
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Entity Type:	INDIVIDUAL:

Name:	Philip Benson
Street Address:	66 Wellington St W, Ste 4200 Toronto Dominion Bank Tower
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City:	Toronto ON
State/Country:	CANADA
Postal Code:	M5K 1N6
Entity Type:	INDIVIDUAL:

Name:	Peter Kaegi
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State/Country:	CANADA
Postal Code:	M5K 1N6
Entity Type:	INDIVIDUAL:

Name:	Leslie J. Cairns
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Street Address:	66 Wellington St W, Ste 4200 Toronto Dominion Bank Tower
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City:	Toronto ON
State/Country:	CANADA
Postal Code:	M5K 1N6
Entity Type:	INDIVIDUAL:

Name:	Pathway Products Inc.
Street Address:	66 Wellington St W, Ste 4200 Toronto Dominion Bank Tower
Internal Address:	C/o Fasken Martineau Du Moulin LLP, Box 20 Toronto-Dominion Centre
City:	Toronto ON
State/Country:	CANADA
Postal Code:	M5K 1N6
Entity Type:	CORPORATION:

Name:	Luigi Culmone
Street Address:	66 Wellington St W, Ste 4200 Toronto Dominion Bank Tower
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State/Country:	CANADA
Postal Code:	M5K 1N6
Entity Type:	INDIVIDUAL:

Name:	Corrine Hunt
Street Address:	66 Wellington St W, Ste 4200 Toronto Dominion Bank Tower
Internal Address:	C/o Fasken Martineau Du Moulin LLP, Box 20 Toronto-Dominion Centre
City:	Toronto ON
State/Country:	CANADA
Postal Code:	M5K 1N6
Entity Type:	INDIVIDUAL:

Name:	Mona Heaven
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Internal Address:	C/o Fasken Martineau Du Moulin LLP, Box 20 Toronto-Dominion Centre
City:	Toronto ON
State/Country:	CANADA
Postal Code:	M5K 1N6
Entity Type:	INDIVIDUAL:

Name:	Howard Atkinson

Street Address:	66 Wellington St W, Ste 4200 Toronto Dominion Bank Tower
Internal Address:	C/o Fasken Martineau Du Moulin LLP, Box 20 Toronto-Dominion Centre
City:	Toronto ON
State/Country:	CANADA
Postal Code:	M5K 1N6
Entity Type:	INDIVIDUAL:

PROPERTY NUMBERS Total: 4

Property Type	Number	Word Mark
Serial Number:	77199326	YANGAROO
Serial Number:	77236072	YANGAROO INC
Serial Number:	76565007	MUSICRYPT
Serial Number:	78875912	TRACPAC

CORRESPONDENCE DATA

Fax Number: (260)460-1700
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
 Phone: 260-424-8000
 Email: fwteas@bakerd.com
 Correspondent Name: Adam F. Cox/Carrie J. Bolinger
 Address Line 1: 111 East Wayne Street
 Address Line 2: Suite 800
 Address Line 4: Fort Wayne, INDIANA 46802

ATTORNEY DOCKET NUMBER: RDT-T0017

DOMESTIC REPRESENTATIVE

Name:
 Address Line 1:
 Address Line 2:
 Address Line 3:
 Address Line 4:

NAME OF SUBMITTER: Adam F. Cox

Signature: /Adam F. Cox/

Date: 04/28/2010

Total Attachments: 25
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GENERAL SECURITY AGREEMENT

THIS AGREEMENT is made as of the date set forth in the first signature page hereof by **YANGAROO INC.** (the "Obligor") in favour of **THE PARTIES LISTED IN SCHEDULE 5** (Collectively referred to as the "Debentureholders").

BACKGROUND:

The Obligor is now and/or may hereafter become indebted and otherwise obligated to the Debentureholders, including pursuant to various debenture agreements from time to time in effect between them.

It is a condition of these debenture agreements that the Obligor enter into this Agreement in favour of the Debentureholders.

FOR VALUABLE CONSIDERATION (the receipt and sufficiency of which are hereby acknowledged), the Obligor covenants, acknowledges, represents and warrants in favour of the Debentureholders, as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Each word and expression (capitalized or not) defined or given an extended meaning in Schedule 1 is used in this Agreement with the respective defined or extended meaning assigned in Schedule 1. Words and expressions defined in the PPSA and/or the STA are used in this Agreement (including in Schedule 1) with the respective defined meanings assigned in the PPSA and/or the STA, unless the context otherwise requires.

1.2 Agreements

Each reference in this Agreement to any agreement (including this Agreement and any other term defined in Schedule 1 that is an agreement) shall be construed so as to include such agreement (including any attached schedules, appendices and exhibits) and each change made to it at or before the time in question.

1.3 Headings

The Article and Section headings in this Agreement are included solely for convenience, are not intended to be full or accurate descriptions of the text to which they refer and shall not be considered part of this Agreement.

1.4 Number and Gender

In this Agreement, words (including defined terms) in the singular include the plural and vice-versa (the necessary changes being made to fit the context) and words in one gender include all genders.

ARTICLE 2 GRANT OF SECURITY

2.1 Security

As general and continuing collateral security, without impairment or novation, for the due payment and performance of the Secured Obligations, and subject to the exceptions in Sections 2.7 and 2.8, the Obligor hereby grants a security interest in all of the Obligor's present and after-acquired personal property to and in favour of the Debentureholders and without limitation:

- (a) charges, mortgages, hypothecs, pledges and assigns and grants a security interest in the following collateral and other items as and by way of a fixed and specific security to and in favour of the

Debentureholders: (i) all Accounts, (ii) all Chattel Paper, (iii) all Documents of Title, (iv) all Equipment, (v) all Instruments, (vi) all Intangibles, other than Intellectual Property, (vii) all Inventory, (viii) all Investment Property, (ix) all Money, (x) all Records, (xi) all Securities and Security Entitlements, (xii) all Licenses, (xiii) the businesses, undertakings and goodwill of the Obligor, (xiv) all rights of the Obligor to the Collateral referred to in clauses (i) to (xiii) inclusive herein and (xiv) all Proceeds and Replacements (other than Proceeds or Replacements comprised of Intellectual Property which shall be subject to the security interest created under paragraph (b) below) of or to Collateral referred to in clauses (i) to (xiv) inclusive herein, including all rights thereto;

- (b) grants a security interest in the following collateral as and by way of a fixed and specific security in favour of the Debentureholders: (i) all Intellectual Property, (ii) all rights of the Obligor to the Collateral referred to in clauses(i) herein and(iii) all Proceeds and Replacements of or to Collateral referred to in clauses (i) and (ii) herein, including all rights thereto; and
- (c) grants a security interest in, and grants, assigns, conveys, mortgages and charges, the following collateral and other items, as and by way of a floating charge to and in favour of the Debentureholders (i) the businesses, undertakings and goodwill of the Obligor and all property, real and personal, tangible and intangible, moveable and immovable, of whatever nature and kind in which the Obligor now or hereafter has rights, its uncalled capital (if any) and all its present and future revenues, save and except such property and assets as are validly and effectively subject to the fixed and specific security created by paragraphs (a) and (b) above, (ii) all rights of the Obligor to the Collateral referred to in clause (i) herein and (iii) all Proceeds and Replacements (other than Proceeds or Replacements comprised of Intellectual Property which shall be subject to the security interest only created under this paragraph (c)) of or to Collateral referred to in clauses (i) and (ii) herein, including all rights thereto.

2.2 Attachment

The Obligor acknowledges that value has been given, that the Obligor and the Debentureholders have not agreed to postpone the time for attachment of the Security and that the Security is intended to attach, as to all of the Collateral in which the Obligor now has rights, when the Obligor executes this Agreement, and, as to all Collateral in which the Obligor only has rights after the execution of this Agreement, when the Obligor first has such rights. For certainty, the Obligor confirms and agrees that the Security is intended to attach to all present and future Collateral of the Obligor, including each successor of the Obligor.

2.3 Dealings with Collateral

The Obligor shall not sell, consign, lease, move, destroy or otherwise dispose of, impair or abandon any Collateral, except that prior to any Default, the Obligor may, provided to do so is not contrary to any provision of any Secured Document, dispose of or deal with the Collateral on ordinary commercial terms, in the ordinary course of its business and for the purpose of carrying on such business, except that the Obligor shall not create, assume or have outstanding, any Lien on the Collateral other than Permitted Liens. A purchaser of Collateral disposed of in accordance with the preceding sentence purchases such Collateral free of the Security; provided that, all rights of the Obligor as vendor, consignor or lessor and all resulting Accounts shall be subject to the Security.

2.4 Proceeds Held in Trust

After a Default occurs, the Obligor shall receive and hold all Proceeds in trust, separate and apart from all other property, and shall forthwith endorse as necessary and pay over or deliver all Proceeds to the Debentureholders.

2.5 Account Debtor

After a Default occurs, the Debentureholders may require any account debtor of the Obligor to make payment directly to the Debentureholders and the Debentureholders may, in their discretion, apply the

amounts received from any such account debtors and any Proceeds in accordance with Section 6.15 or hold them as part of the Collateral.

2.6 Commingled Goods

If Collateral subsequently becomes part of a product or mass to which the security interest of another secured party attaches, the Security shall extend to all Accounts, Replacements or Proceeds arising from any dealing with such product or mass.

2.7 Leases

The last day of the term of any lease, oral or written, or any agreement therefor, now held or hereafter acquired by the Obligor shall be excepted from the Security and shall not form part of the Collateral but the Obligor shall stand possessed of such one day remaining upon trust to assign and dispose of the same as the Debentureholders directs. If any such lease or agreement therefor contains a provision which provides in effect that such lease or agreement may not be assigned, sub-leased, charged or made the subject of any Lien without the consent of the lessor, the application of the Security to any such lease or agreement shall be conditional upon such consent being obtained. The Obligor shall forthwith use commercially reasonable best efforts to obtain, as soon as reasonably practicable, such consent for each such lease or agreement that is material.

2.8 Agreements and Licences

- (a) Notwithstanding anything to the contrary contained herein, if the Obligor cannot lawfully grant the Security in any agreement or Licence comprised in the Collateral in which it now or hereafter has rights because the agreement or Licence prohibits or restricts such Security, the agreement or Licence requires the consent of any person which has not been obtained or the grant of such Security in the agreement or Licence would contravene applicable law or result in the transfer thereof to a person that is not eligible under the policies and procedures of any applicable governmental authority, that agreement or Licence shall not, to the extent it would be illegal or result in an ineligible transfer or a material loss and expense to the Obligor (each, a "**Prescribed Agreement or Licence**"), be subject to the Security (save to the extent provided below) unless and until such agreements, consents, waivers and approvals as may be required to avoid such illegality, ineligible transfer or loss and expense have been obtained ("**Required Approvals**"). The Security shall nonetheless immediately attach to any rights of the Obligor arising under, by reason of, or otherwise in respect of such agreement or Licence, such as the right to receive payments thereunder and all Proceeds and Replacements of the agreement or Licence ("**Related Rights**"), if and to the extent and as at the time such attachment to the Related Rights is not illegal, is not enforceable against the Debentureholders or other third parties generally or would not result in an ineligible transfer or a material loss and expense to the Obligor. The Obligor shall forthwith use commercially reasonable best efforts to obtain, as soon as reasonably practicable, all such Required Approvals that are material.
- (b) To the extent permitted by applicable law, the Obligor will hold in trust for the Debentureholders, and, after a Default occurs, provide the Debentureholders with the benefits of, each Prescribed Agreement or Licence and enforce all Related Rights at the direction of the Debentureholders for the benefit of the Debentureholders or at the direction of such other person (including any purchaser of Collateral from the Debentureholders or any Receiver) as the Debentureholders may designate.

2.9 Exception

Notwithstanding the foregoing provisions of this Article 2, the security shall be subject to Bank Indebtedness and Permitted Liens.

2.10 Consumer Goods

The Obligor shall ensure that the Collateral shall at no time include any consumer goods.

**ARTICLE 3
REPRESENTATIONS AND WARRANTIES**

3.1 Representations and Warranties

- (a) *Every Obligor.* The Obligor represents and warrants to the Debentureholders as follows:
- (i) Locations of Collateral. The Obligor's places of business and the locations of the Collateral (except (A) Collateral which is in transit to and from such premises in the ordinary course of business, (B) Equipment which is with repairers for repair and return to the Obligor, (C) Collateral having an aggregate value that is not material and (D) Collateral which has been disposed of in accordance with the provisions of the Secured Documents), including its Records relating thereto, are listed in Schedule 4.
 - (ii) Intellectual Property. Schedule 2 includes a complete list of all Software, patents, trademarks, copyrights and industrial designs that are material owned or used by the Obligor in carrying on the Obligor's business and/or required to dispose of Collateral subdivided into the categories (A) owned by the Obligor, (B) licenced for use to the Obligor and (C) licenced for use by the Obligor.
 - (iii) Securities and Security Entitlements. Schedule 3 includes a complete list of all Securities and Security Entitlements in which the Obligor has rights.
 - (iv) Consumer Goods. The Collateral does not include any consumer goods.
- (b) *Obligor an Artificial Body.* The Obligor represents and warrants to the Debentureholders that the Obligor's registered office and chief executive office and the jurisdictions in which it is incorporated or formed and in which its directors and chief executive officer are resident are listed in Schedule 4.

**ARTICLE 4
COVENANTS OF THE OBLIGOR**

4.1 Payment of Secured Obligations

The Obligor shall punctually pay and perform the Secured Obligations.

4.2 Records

The Obligor shall keep proper Records and shall furnish all information and statements relating to the Collateral which the Debentureholders reasonably request. The Obligor shall keep its Records at the locations specified in Schedule 4 and, upon prior written request from the Debentureholders, permit the Debentureholders or their representatives at any commercially reasonable time to have access to all premises occupied by the Obligor or any place where any Records may be found in order to inspect such Records, and to have temporary custody of, make copies of and take extracts from such Records. Obligor shall only be required to disclose such information as it may be permitted at law and Debentureholders shall keep confidential all information and not disclose same for any purpose other than exercising their rights under this Agreement.

4.3 Liens

The Obligor shall keep the Collateral free at all times from Liens, except in respect of Bank Indebtedness and Permitted Liens, and shall defend the title to the Collateral against all persons. The foregoing shall not in any way prevent the Debentureholders from, at any time, contesting the validity, effect, perfection or priority

of any Lien. No Lien shall be entitled to priority over the Security, except to the extent that it is entitled to such priority as a purchase-money security interest under the PPSA or is in respect of Bank Indebtedness or a Permitted Lien. Nothing in this Agreement is intended to create any rights (including subordination rights or any release of Security) in favour of any person other than the Debentureholders, any Receiver and the other Indemnified Parties.

4.4 Insurance

The Obligor shall insure the Collateral to the extent required by the provisions of the Secured Documents. If the Obligor fails to obtain and maintain any such insurance, the Debentureholders or any Receiver may do so and the Obligor shall forthwith upon demand reimburse the Debentureholders or the Receiver for all their disbursements, costs and expenses so incurred. Upon request by the Debentureholders, the Obligor shall execute and deliver to the Debentureholders an assignment of all insurance proceeds arising under, by reason of or otherwise in respect of each policy of insurance maintained by the Obligor in such form as the Debentureholders shall reasonably require, duly acknowledged and consented to by the insurers and brokers.

4.5 Further Assurances

The Obligor shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, transfers, mortgages, pledges and charges, security agreements, assignments, agreements, debentures and assurances as the Debentureholders may reasonably require in order to give effect to the provisions of this Agreement and for the better securing or perfecting the Security and the priority accorded to the Security intended under this Agreement. Following the occurrence of Default, the Obligor constitutes and appoints the Debentureholders acting by any representative of the Debentureholders to be its attorney with full power of substitution to do on the Obligor's behalf anything that the Obligor can lawfully do by an attorney, including to do, make and execute all such agreements, deeds, acts, matters or things, with the right to use the name of the Obligor, whenever and wherever it deems necessary or expedient and to carry out the Obligor's obligations under this Agreement, to revise any Schedule to this Agreement or to complete any missing information in this Agreement. Such power of attorney, being granted by way of security and coupled with an interest, is irrevocable until the Secured Obligations are Paid in Full.

4.6 Fundamental Changes

The Obligor shall not permit all or a substantial portion of its businesses, undertakings, properties or assets to become the businesses, undertakings, properties or assets of any other person, whether in one or a series of transactions, related or not, and if the Obligor is an artificial body, it shall not amalgamate, merge or enter into any business combination, in each case, if so doing would, in the Debentureholders' opinion, adversely affect the businesses, undertakings, properties or assets of the Obligor or the validity, effect, perfection or priority of the Security in Collateral.

4.7 Notice of Change

The Obligor shall notify the Debentureholders in writing (a) forthwith of (i) any material uninsured loss of or damage to any Collateral or of any suit, action or proceeding before any governmental authority or arbitrator which could materially adversely affect any Collateral or the Security therein, (ii) any Software, patents, trade marks, copyrights and industrial designs that are material in which the Obligor hereafter acquires rights, (iii) any Securities and Security Entitlements in which the Obligor hereafter acquires rights and (iv) any location at which Records are hereafter located not then listed in Schedule 4, (b) at least 10 Business Days prior to (i) any change of name of the Obligor and (ii) any change in or addition to the location of Collateral from those locations referred to in Section 3.1(a)(i), (c) if the Obligor is an artificial body, at least 10 Business Days prior to (i) the adoption of a French or combined English and French form of name, (ii) any change in the jurisdiction where the Obligor is incorporated or continued or where the registered office or chief executive office of the Obligor is located, (iii) any change in the jurisdiction where the chief executive officer or any director of the Obligor resides or (iv) any change in the chief executive officer or directors of the Obligor identifying the name and jurisdiction of residence of each new chief executive officer or director and (d) if the Obligor is an individual, at least 10 Business Days prior to any change in the jurisdiction where the Obligor is resident. The Obligor hereby authorizes the Debentureholders, as the Obligor's attorney under Section 4.5, to revise each Schedule hereto to reflect the information provided to the Debentureholders pursuant to this Section 4.7.

4.8 Costs

The Obligor shall forthwith reimburse the Debentureholders, on demand and on a full indemnity basis, for all interest, commissions, costs of realization and other costs and expenses (including legal fees and expenses on a solicitor and client basis) incurred by the Debentureholders or any Receiver in connection with the enforcement of this Agreement and the perfection, protection and enforcement of the Security, including those arising in connection with the realization, disposition of, retention, protection or collection of any Collateral and the protection or enforcement of the rights of the Debentureholders or any Receiver.

4.9 General Indemnity

The Obligor will indemnify the Debentureholders, any Receiver and their respective representatives, (each, an "Indemnified Party") in respect of, and save each Indemnified Party fully harmless from and against, all claims and losses and expenses which an Indemnified Party may suffer or incur in connection with (a) the exercise by the Debentureholders or any Receiver of any of their rights hereunder, (b) any breach by the Obligor of the representations or warranties of the Obligor contained herein, or (c) any breach by the Obligor of, or any failure by the Obligor to observe or perform, any of the Secured Obligations, save that the Obligor shall not be obliged to so indemnify any Indemnified Party to the extent such claims and losses and expenses are determined by a final judgment to have directly resulted from the wilful misconduct or gross negligence of the Indemnified Party. Each Debentureholder shall be constituted as the trustee of each Indemnified Party, other than itself, and shall hold and enforce each such other Indemnified Party's rights under this Section 4.9 for their respective benefits.

4.10 Registration

The Obligor shall cause its representatives to forthwith register, file and record this Agreement or notice thereof, on behalf of the Debentureholders, at all proper offices wherem, in the opinion of counsel to the Debentureholders, such registration, filing or recording may be necessary or advantageous to create, perfect, preserve or protect the Security in the Collateral and its priority and shall hereafter cause its representatives to maintain all such registrations, filings and recordings on behalf of the Debentureholders in full force and effect.

ARTICLE 5 DEFAULT

5.1 Default

Whenever any Default referred to below occurs, unless the Debentureholders notify the Obligor to the contrary and subject to such terms and conditions as may be contained in such notice, the Secured Obligations shall be accelerated and be immediately due and payable in full and the Security shall become immediately

crystallized and enforceable without the necessity for any further action or notice by any Debentureholder. An Event of Default as defined in the Debenture will constitute a Default under this Agreement.

5.2 Waiver

The Debentureholders may waive any Default or any breach by the Obligor of any of the provisions of this Agreement in accordance with the provisions of the Debenture. No waiver, however, shall be deemed to extend to a subsequent breach or Default, whether or not the same as or similar to the breach or Default waived, and no act or omission by any Debentureholder shall extend to, or be taken in any manner whatsoever to affect, any subsequent breach or Default or the rights of any Debentureholder arising therefrom. Any such waiver must be in writing and signed by the Debentureholders or approved by the holders of a majority of the principal amount of the Debentures or otherwise approved in accordance with the terms of the Debentures to be effective. No failure on the part of any Debentureholder to exercise, and no delay by any Debentureholder in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

ARTICLE 6 REMEDIES ON DEFAULT

6.1 Remedies of the Debentureholders

If the Security becomes enforceable in accordance with Article 5, the Debentureholders shall have the rights set out in this Article 6.

6.2 Right to Appoint a Receiver

The Debentureholders may appoint by instrument in writing one or more Receivers of any Collateral. Any such Receiver shall have the rights set out in this Article 6. In exercising such rights, any Receiver shall act as and for all purposes shall be deemed to be the agent of the Obligor. The Debentureholders shall not be responsible for any act, omission, negligence, misconduct or default of any Receiver. The Debentureholders may remove any Receiver and appoint another from time to time. No Receiver appointed by the Debentureholders need be appointed by, nor need its appointment be ratified by, or its actions in any way supervised by, a court. If two or more Receivers are appointed to act concurrently, they shall, unless otherwise expressly provided in the instrument appointing them, so act severally and not jointly and severally. The appointment of any Receiver or anything done by a Receiver or the removal or termination of any Receiver shall not have the effect of constituting any Debentureholder a mortgagee in possession in respect of the Collateral.

6.3 Rights of a Receiver

Any Receiver appointed by the Debentureholders shall have the following rights:

- (a) *Power of Entry.* Any Receiver may at any time enter upon any premises owned, leased or otherwise occupied by the Obligor or where any Collateral is located to take possession of, disable or remove any Collateral, and may use whatever means the Receiver considers advisable to do so. The Obligor shall forthwith upon demand deliver to a Receiver possession of any Collateral at the place specified by the Receiver.
- (b) *Power of Sale.*
 - (i) Any Receiver may sell, lease, consign, licence, assign or otherwise dispose of any Collateral by public auction, private tender or private contract with or without notice, advertising or any other formality, all of which are hereby waived by the Obligor to the extent permitted by applicable law. Any Receiver may, at its discretion, establish the terms of such disposition, including terms and conditions as to credit, upset, reserve bid or price. All payments made pursuant to such dispositions shall be credited against the Secured Obligations only as they are actually received. Any Receiver may buy in, rescind or vary any contract for the disposition of any Collateral and may dispose of any

Collateral again without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Receiver has taken possession of the Collateral. The exercise by the Receiver of any power of sale does not preclude the Receiver from further exercise of its power of sale in accordance with this clause.

- (ii) The Obligor agrees that any Receiver may, in its discretion, approach a restricted number of potential purchasers to effect any sale of any Securities comprised in the Collateral pursuant to Subsection 6.3(b)(i) and that a sale under such circumstances may yield a lower price for Collateral than would otherwise be obtainable if the same were registered and sold in the open market. The Obligor agrees that:
 - (A) in the event any Receiver shall so sell Collateral at such private sale or sales, the Receiver shall have the right to rely upon the advice and opinion of any person who regularly deals in or evaluates Securities of the type constituting the Collateral as to the best price obtainable in a commercially reasonable manner; and
 - (B) such reliance shall be conclusive evidence that the Receiver handled such matter in a commercially reasonable manner.
- (c) *Carrying on Business.* Any Receiver may carry on, or concur in the carrying on of, any of the businesses or undertakings of the Obligor and may, to the exclusion of all others, including the Obligor, enter upon, occupy and use any of the premises, buildings, plant and undertaking of or occupied or used by the Obligor and may use any of the Equipment and Intangibles of the Obligor for such time and such purposes as the Receiver sees fit. No Receiver shall be liable to the Obligor for any negligence in so doing or in respect of any rent, charges, costs, depreciation or damages in connection with any such action.
- (d) *Pay Liens.* Any Receiver may pay any liability secured by any actual or threatened Lien against any Collateral. A Receiver may borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the businesses or undertakings of the Obligor and may grant Liens in any Collateral in priority to the Security as security for the money so borrowed. The Obligor will forthwith on demand reimburse the Receiver for all such payments and borrowings.
- (e) *Dealing with Collateral.* Any Receiver may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with any Collateral in such manner, upon such terms and conditions and at such time as it deems advisable without notice to the Obligor (except as otherwise required by applicable law), and may charge on its own behalf and pay to others its costs and expenses (including legal, Receiver's and accounting fees and expenses on a full indemnity basis) incurred in connection with such actions. The Obligor will forthwith upon demand reimburse the Receiver for all such costs and expenses.
- (f) *Powers re Collateral.* Any Receiver may have, enjoy and exercise all of the rights of and enjoyed by the Obligor with respect to the Collateral or incidental, ancillary, attaching or deriving from the ownership by the Obligor of the Collateral, including the right to enter into agreements and grant Licences over or pertaining to Collateral, the right to commence or continue any suit, action or proceeding to preserve or protect Collateral and the right to grant or agree to Liens and grant or reserve *profits à prendre*, easements, rights of ways, rights in the nature of easements and licences over or pertaining to the whole or any part of the Collateral.
- (g) *Powers re Leases.* Upon any sale by any Receiver of any leasehold interest pursuant to this Agreement, the Receiver, for the purpose of vesting the one day residue of the term or renewal thereof in any purchaser, shall be entitled by deed or writing to appoint such purchaser or any other person a new trustee of the aforesaid residue of any such term or renewal thereof in the place and stead of the Obligor and to vest the same accordingly in the new trustee so appointed free from any obligation respecting the same.

- (h) *Retain Services.* Any Receiver may retain the services of such real estate brokers and agents, lawyers, accountants, appraisers and other consultants as the Receiver may deem necessary or desirable in connection with anything done or to be done by the Receiver or with any of the rights of the Receiver set out herein and pay their commissions, fees and disbursements (which payment shall constitute part of the Receiver's disbursements reimbursable by the Obligor hereunder). The Obligor shall forthwith on demand reimburse the Receiver for all such payments.
- (i) *Complete Construction.* Any Receiver may complete any unfinished construction upon or in the Collateral including the power to:
 - (i) appoint and engage superintendents, architects, engineers, miners, geologists, consultants, contractors, managers, advisors and such other personnel which, in the discretion of the Receiver, may be required to construct, furnish or operate the Collateral;
 - (ii) enter into contracts for the supply of materials and services which the Receiver deems necessary to complete or operate the Collateral;
 - (iii) enter into and enforce and take the benefit of Licences, agreements and other arrangements in respect of the Collateral which provide loans, grants or Licences, from governmental authorities or from any other source whatsoever;
 - (iv) enter into, enforce, use and take the benefit of construction contracts, contracts for services or materials, performance bonds, insurance contracts, development agreements, plans, studies, reports, information or any other matter, material or arrangement in respect of the Collateral; and
 - (v) terminate any Licences, agreements or other arrangements made by the Obligor in connection with the Collateral on such terms as the Receiver deems reasonable.

6.4 Right to have Court Appoint a Receiver

The Debentureholders may, at any time, apply to a court of competent jurisdiction for the appointment of a Receiver, or other official, who may have powers the same as, greater or lesser than, or otherwise different from, those capable of being granted to a Receiver appointed by the Debentureholders pursuant to this Agreement.

6.5 The Debentureholders may exercise rights of a Receiver

In lieu of, or in addition to, exercising its rights under Sections 6.3 and 6.4, but subject to Section 6.2, the Debentureholders have, and may exercise, any of the rights which are capable of being granted to a Receiver appointed by the Debentureholders pursuant to this Agreement.

6.6 Limitation of Liability

Neither the Debentureholders nor any Receiver shall be liable or accountable for any failure of the Debentureholders or any Receiver to seize, collect, realize, dispose of, enforce or otherwise deal with any Collateral nor shall any of them be bound to institute any suit, action or proceeding for any such purposes or for the purpose of preserving any rights of any of the Debentureholders, the Obligor or any other person in respect of any Collateral. Neither the Debentureholders nor any Receiver shall be liable or responsible for any claim or loss and expense whatever which may accrue in consequence of any such failure resulting from any act, omission, negligence, or default of the Debentureholders, any Receiver or any of their respective representatives or otherwise, other than willful misconduct. If any Receiver or Debentureholder takes possession of any Collateral, neither the Debentureholders nor any Receiver shall have any liability as a mortgagee in possession or be accountable for anything except actual receipts.

6.7 Extensions of Time

The Debentureholders and any Receiver may grant renewals, extensions of time and other indulgences, take and give up Liens, accept compositions, grant releases and discharges, perfect or fail to perfect any Liens, release any Collateral to third parties and otherwise deal or fail to deal with the Obligor, debtors of the Obligor, guarantors, sureties and others and with any Collateral and other Liens as the Debentureholders or such Receiver may see fit, all without prejudice to the liability of the Obligor to the Debentureholders or such Receiver or the rights of the Debentureholders and any Receiver under this Agreement.

6.8 Set-Off, Combination of Accounts and Crossclaims

The Secured Obligations will be paid by the Obligor without regard to any equities between the Obligor and the Debentureholders or any Assignee or any right of set-off. Any indebtedness owing by a Debentureholder or any Assignee to the Obligor, direct or indirect, extended or renewed, actual or contingent, mutual or not, may be set off or applied against, or combined with, the Secured Obligations by a Debentureholder or such Assignee at any time before, upon or after maturity, without demand upon or notice to anyone, and the terms of such indebtedness and Secured Obligations shall be changed hereby to the extent necessary to permit and give effect to such set-off, application and combination.

6.9 Deficiency

If the proceeds of the realization of any Collateral are insufficient to repay all liquidated Secured Obligations, the Obligor shall forthwith pay or cause to be paid to the Debentureholders such deficiency.

6.10 Validity of Sale

No person dealing with the Debentureholders or any Receiver or with any representative of the Debentureholders or any Receiver shall be concerned to inquire whether the Security has become enforceable, whether any right of the Debentureholders or any Receiver has become exercisable, whether any Secured Obligations remain outstanding or otherwise as to the propriety or regularity of any dealing by the Debentureholders or any Receiver with any Collateral or to see to the application of any money paid to the Debentureholders or any Receiver, and in the absence of fraud on the part of such person such dealings shall be deemed, as regards such person, to be within the rights hereby conferred and to be valid and effective accordingly.

6.11 The Debentureholders Not Obligated to Preserve Third Party Interests

To the extent that any Collateral constitutes an Instrument or Chattel Paper, neither the Debentureholders nor any Receiver shall be obliged to take any steps to preserve rights against prior parties in respect of any such Instrument or Chattel Paper.

6.12 The Debentureholders or Receiver may Perform

If the Obligor fails to perform any Secured Obligations, without limiting any other provision hereof, the Debentureholders or any Receiver may perform those Secured Obligations as attorney for the Obligor in accordance with Section 4.5. The Obligor shall remain liable under each agreement and Licence to which it is party or by which it or any of its businesses, undertakings, properties and assets is bound and shall perform all of its obligations thereunder, and shall not be released from any of its obligations under any such agreement or Licence by the exercise of any rights by the Debentureholders or any Receiver. Neither the Debentureholders nor any Receiver shall have any obligation under any such agreement or Licence, by reason of this Agreement, nor shall the Debentureholders or any Receiver be obliged to perform any of the obligations of the Obligor thereunder or to take any action to collect or enforce any claim made subject to the Security. The rights conferred on the Debentureholders and any Receiver under this Agreement are for the purpose of protecting the Security in the Collateral and shall not impose any obligation upon the Debentureholders or any Receiver to exercise any such rights.

6.13 Effect of Appointment of Receiver

As soon as the Debentureholders take possession of any Collateral or appoints a Receiver over any Collateral, all rights of each of the representatives of the Obligor with respect to that Collateral shall cease, unless specifically continued by the written consent of the Debentureholders or the Receiver.

6.14 Rights in Addition

The rights conferred by this Article 6 are in addition to, and not in substitution for, any other rights the Debentureholders may have under this Agreement, at law, in equity or by or under applicable law or any Secured Document or other agreement. Subject to complying with the Debentureholder approval provisions of the Debenture, the Debentureholders may proceed by way of any action, suit or other proceeding at law or in equity including (a) the right to take proceedings in any court of competent jurisdiction for the sale or foreclosure of the Collateral and (b) filing proofs of claim and other documentation to establish the claims of the Debentureholders in any suit, action or proceeding relating to the Obligor. No right of the Debentureholders or any Receiver shall be exclusive of or dependent on any other. Any such right may be exercised separately or in combination, and at any time. The exercise by the Debentureholders or any Receiver of any right hereunder does not preclude the Debentureholders or any Receiver from further exercise of such right in accordance with this Agreement.

6.15 Application of Proceeds

Each Recovery shall be appropriated and applied by the Debentureholders in satisfaction of such Secured Obligations at such times as the Debentureholders may in their discretion decide. The Debentureholders shall be entitled, at their discretion, to reverse any such application and reapply any such Recovery at any time.

**ARTICLE 7
GENERAL**

7.1 Security in Addition

The Security does not replace or otherwise affect any existing or future Lien held by any Debentureholder or any Assignee. Neither the taking of any suit, action or proceeding, judicial or extra-judicial, nor the refraining from so doing, nor any dealing with any other security for any Secured Obligations shall release or affect the Security. Neither the taking of any suit, action or proceeding, judicial or extra-judicial, pursuant to this Agreement, nor the refraining from so doing, nor any dealing with any Collateral shall release or affect any of the other Liens held by a Debentureholder or any Assignee for the payment or performance of the Secured Obligations.

7.2 No Merger

This Agreement shall not operate by way of a merger of the Secured Obligations or of any guarantee or agreement or other document or Instrument by which the Secured Obligations now or at any time hereafter may be represented or evidenced. Neither the taking of any judgment nor the exercise of any power of seizure or disposition shall extinguish the liability of the Obligor to pay and perform the Secured Obligations nor shall the acceptance of any payment or alternate security constitute or create any novation. No covenant, representation or warranty of the Obligor herein shall merge in any judgment.

7.3 Notices

Any notice, demand, consent, approval or other communication (in this Section, a "Notice") to be made or given under or in connection with this Agreement shall be in writing and may be made or given by personal delivery, by facsimile, registered mail or by e-mail to the address, facsimile number or e-mail address of the intended recipient set out in the signature page of this Agreement or, in each case, to such other address as such party may from time to time notify the other in accordance with this Section 7.3. Any Notice made or given by personal delivery shall be conclusively deemed to have been given at the time of actual delivery or, if made or given by facsimile or e-mail, at the time of sending if sent before 4:00 p.m. (in the place of intended receipt) on a Business Day or if sent otherwise at the opening of business on the first Business Day following the transmittal thereof;

provided that, the party sending such Notice receives confirmation of receipt from the intended recipient's telecopier or e-mail server.

7.4 Time of the Essence

Time is and shall remain of the essence of this Agreement and each of its provisions.

7.5 Governing Law

This Agreement shall be governed by, and interpreted in accordance with the laws of the Province of Ontario, including the federal laws of Canada, but excluding conflict of law rules. The Obligor irrevocably attorns to and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario. Such choice of law shall, however, be without prejudice to or limitation of any other rights available to the Debentureholders under the laws of any other jurisdiction where Collateral may be located.

7.6 Security Effective Immediately

Neither the issuance nor registration of, or any filings with respect to, this Agreement, nor any partial advance or extension of credit by the Debentureholders, shall bind the Debentureholders to advance any amounts, grant any credit or supply any financial services to the Obligor, but the Security shall take effect forthwith upon the execution and delivery of this Agreement by the Obligor.

7.7 Entire Agreement

There are no representations, warranties, covenants, agreements or acknowledgments whether direct or collateral, express or implied, that form part of or affect this Agreement or any Collateral, other than as expressed herein or in any Secured Document.

7.8 Invalidity

If any provision of this Agreement is found to be invalid or unenforceable, by a final judgment of a court of competent jurisdiction, that provision shall be deemed to be severed herefrom and the remaining provisions of this Agreement shall not be affected thereby but shall remain valid and enforceable. The Obligor shall, at the request of the Debentureholders, negotiate in good faith with the Debentureholders to replace any invalid or unenforceable provision contained in this Agreement with a valid and enforceable provision that has the commercial effect as close as possible to that of the invalid or unenforceable provisions, to the extent permitted by applicable law.

7.9 Successors and Assigns; Binding Effect

This Agreement shall enure to the benefit of each of the Debentureholders and any Receiver and each other Indemnified Party and their respective successors and assigns relative to all or any item or part of the Secured Obligations and shall be binding on the Obligor, its representatives (including receivers) and its successors and, in the case of an individual, such Obligor's legal and personal representatives, heirs and assigns. The Debentureholders may assign all or any item or part of the Secured Obligations (each, a "Participation") to any other person (an "Assignee") with or without notice to the Obligor. Unless the Debentureholders notify the Obligor that they have assigned all of their rights to the Secured Obligations to a single Assignee, upon any such assignment taking place and for so long as each such Participation has not been Paid in Full, the Debentureholders shall hold the Security and the Obligor shall be deemed hereby to have granted the Security to the Debentureholders, in the capacity of trustee acting on its own behalf relative to the unassigned items and/or parts of the Secured Obligations owing to it and for and on behalf of each such Assignee relative to the Participation owing to each such Assignee, and each reference in this Agreement to the Debentureholders shall, to the extent the context so admits, be construed and interpreted accordingly to give effect to such capacity as such trustee.

7.10 Statutory Waivers

To the fullest extent permitted by applicable law, the Obligor waives all of the rights, benefits, conditions, warranties and protections given by the provisions of any existing or future statute which imposes limitations upon the rights of a secured party or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute.

7.11 Amendment

No agreement purporting to change this Agreement shall be binding upon either the Obligor or any Debentureholder unless that agreement is in writing and signed by the party sought to be bound thereby or is approved in accordance with the Debenture.

7.12 Receipt of Copy

The Obligor acknowledges receipt of a copy of this Agreement and copies of the verification statements pertaining to the financing statements filed under the PPSA and under the personal property security statutes of other provinces by the Debentureholders in respect of this Agreement. To the extent permitted by applicable law, the Obligor irrevocably waives the right to receive a copy of each financing statement or financing change statement (or any verification statement pertaining thereto) filed under the PPSA or under such other personal property security statutes the Debentureholders in respect of this Agreement or any other security agreement, and releases any and all claims it may have against the Debentureholders for failure to provide any such copy.

7.13 Information

At any time the Debentureholders may provide to any person that claims an interest in Collateral copies of this Agreement or information about it or about the Collateral or the Secured Obligations.

7.14 English Language

The parties hereto have expressly required that the present contract and all contracts, documents and notices relating thereto be drafted in the English language. *Les parties aux présentes ont expressément exigé que le présent contrat et tous autres contrats, documents et avis qui y sont afférents soient rédigés en langue anglaise.*

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TO WITNESS this Agreement, the Obligor has caused this Agreement to be duly executed at Toronto, on the 22 day of March, 2010.

OBLIGOR

YANGAROO INC.

By: J. Heaven
Name: John Heaven
Title: President and CEO
By: [Signature]
Name: _____
Title: CHAIRMAN + COO

Notices to Obligor:

Address: 95 Mural Street, Suite 600 Richmond Hill, ON, Canada, L4B 3G2
Attention: John Heaven
Facsimile: 905 763-1180
e-mail: jheaven@yangaroo.com

Notices to any Debentureholder:

Address: SEE SCHEDULE 5
Attention:
Facsimile:
e-mail:

with a copy to (for informational purposes and not constituting notice):

Fraser Mackenzie Limited
Address: 48 Yonge Street, Suite 1100 Toronto, ON M5E 1G5
Attention: Philip Benson
Facsimile: 416955-4630
e-mail: pbenson@frasermackenzie.com

**SCHEDULE 1
DEFINITIONS**

1. Defined Terms

Unless the context otherwise requires, in this Agreement the following terms are used with their corresponding defined meanings:

"Accounts" means accounts, including any claims against any government and under any contract of insurance, and (where the context so admits) any item or part thereof, which are now owned by or are due, owing or accruing due to the Obligor or which may hereafter be owned by or become due, owing or accruing due to the Obligor or in which the Obligor now or hereafter has any other rights.

"Agreement" means this general security agreement and all schedules attached hereto.

"Assignee" is used with the defined meaning given in Section 7.9.

"Bank Indebtedness" means all indebtedness and liabilities of the Obligor and its subsidiaries from time to time, whether present or future, absolute or contingent, liquidated or unliquidated, of whatsoever nature or kind, owing to any financial institution for borrowed money;

"Bankruptcy Event" means, with respect to any person, that such person does not pay or perform its obligations generally as they become due or admits its inability to pay or perform its debts generally, that such person commits an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada), any Bankruptcy Proceeding is instituted by or against that person (excluding any Bankruptcy Proceeding being contested by that person in good faith by appropriate proceedings so long as enforcement remains stayed, none of the relief sought is granted (either on an interim or permanent basis) and such Bankruptcy Proceeding is dismissed within 30 days of its commencement), or that person takes any action to authorize any of the actions set forth above in this definition.

"Bankruptcy Proceeding" means, with respect to any person, any proceeding contemplated by any application, petition, assignment, filing of notice or other means, whether voluntary or involuntary under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada) or any other like, equivalent or analogous legislation of any jurisdiction seeking any moratorium, reorganization, adjustment, composition, proposal, compromise, arrangement or other like or similar relief in respect of any or all of the obligations of that person, seeking the winding up, liquidation or dissolution of that person or all or any part of its businesses, undertakings, properties and assets, seeking any order declaring, finding or adjudging that person insolvent or bankrupt, seeking the appointment (provisional, interim or permanent) of any receiver or resulting, by operation of law, in the bankruptcy of that person.

"Business Day" means a day which is not a Saturday or a Sunday on which banks and trust companies are generally open for business in the Province of Ontario.

"Chattel Paper" means chattel paper in which the Obligor now or hereafter has rights, and (as the context so admits) any item or part thereof.

"Collateral" means all of the property and other items made subject to the Liens created under Section 2.1, wherever located, now or hereafter owned by the Obligor or in or to which the Obligor now or hereafter has rights, including all such rights, and (as the context so admits) any item or part thereof.

"Debentureholder" means the Debentureholders listed in Schedule 5.

"Default" means any default, breach, failure, event, state or condition described in Section 5.1.

"Default Rate" means the highest interest rate per annum payable to the Debentureholder in respect of any overdue amount payable to the Debentureholder pursuant to any Secured Document.

“Documents of Title” means documents of title, whether negotiable or non-negotiable, including warehouse receipts and bills of lading, in which the Obligor now or hereafter has rights, and (as the context so admits) any item or part thereof.

“Equipment” means goods in which the Obligor now or hereafter has rights, other than Inventory and consumer goods, and (as the context so admits) any item or part thereof, including tools, apparatus, plant, furniture, fixtures, equipment, machinery and vehicles.

“Indemnified Party” has the defined meaning given in Section 4.9.

“Instruments” means instruments in which the Obligor now or hereafter has rights, and (as the context so admits) any item or part thereof.

“Intangibles” means intangibles of whatever kind in which the Obligor now or hereafter has rights, and (as the context so admits) any item or part thereof, including the Obligor’s choses in action, goodwill and Intellectual Property.

“Intellectual Property” means trade secrets, confidential information and know-how, Software, patents, trade marks, patent or trade mark rights, registrations and applications, designs, logos, indicia, trade names, corporate names, company names, business names, trade styles, business identifiers, fictitious business names or characters, copyrights and copyright registrations and applications, integrated circuit topography rights, registrations and applications, semi-conductor chip rights, designs, design patents and other industrial design rights, registrations and applications, goodwill, letters patent and other industrial or intellectual property of whatever kind in which the Obligor now or hereafter has rights, and (as the context so admits) any item or part thereof.

“Inventory” means inventory of whatever kind in which the Obligor now or hereafter has rights, and (as the context so admits) any item or part thereof, including goods, wares, merchandise, materials, supplies, raw materials, goods in process, finished goods and other tangible personal property, including those used or procured for packing or storing thereof, now or hereafter held for sale, lease, resale or exchange or that are to be furnished or have been furnished under a contract of service or that are used or consumed in the business of the Obligor.

“Investment Property” means investment property in which the Obligor now or hereafter has rights, and (as the context so admits) any item or part thereof.

“IP Licence” means any licence agreement pursuant to which the Obligor is granted a right to use Intellectual Property or the Obligor grants a right to use Intellectual Property.

“Licence” means (i) any authorization from any governmental authority having jurisdiction with respect to the Obligor or its businesses, undertakings, properties or assets, (ii) any authorization from any person granting any easement or licence with respect to any real or immovable property and (iii) any IP Licence.

“Lien” means (i) any right of set-off intended to secure the payment or performance of an obligation, (ii) any interest in property created by way of mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, hire purchase agreement, conditional sale agreement, sale/lease back transaction, deposit arrangement, title retention, capital lease or discount, factoring or securitization arrangement on recourse terms, (iii) any statutory deemed trust or lien, (iv) any preference, priority, adverse claim, levy, execution, seizure, attachment, garnishment or other encumbrance which binds property, and (v) any agreement to grant any of the rights or interests described in clauses (i) to (iv) inclusive of this definition.

“Money” means money in which the Obligor now or hereafter has rights, and (as the context so admits) any item or part thereof.

“Obligor” means Yangaroo Inc.

"Paid in Full" and Payment in Full each means permanent, indefeasible and irrevocable payment in cash (or other freely available funds transfer as may be expressly provided for in the Secured Documents) to the Debentureholder and each Assignee in full of all Secured Obligations in accordance with the express provisions of the Secured Documents, without regard to any compromise, reduction or disallowance of all or any item or part thereof by virtue of the application of any bankruptcy, insolvency or other similar such laws, any law affecting creditors' rights generally or general principles of equity, and the cancellation or expiry of all commitments by the Debentureholder to lend or otherwise extend credit or provide other financial services to or for the benefit or at the request of the Obligor.

"Permitted Liens" means:

- (a) statutory deemed trusts and liens in respect of claims for unpaid wages, vacation pay, worker's compensation, unemployment insurance, pension plan contributions, employee or non-resident withholding tax source deductions, unremitted sales taxes, goods and services taxes, customs duties or similar statutory obligations secured on any of the undertakings, property and assets of the Obligor, but only if the obligations secured by such deemed trusts and liens are paid when due;
- (b) statutory liens for assessments or governmental charges or levies which are paid when due or, if overdue, the validity or amount of which is being contested in good faith by appropriate proceedings;
- (c) construction, mechanic's, carrier's, warehousemen's, storage, repairer's and materialmen's liens, but only if the obligations secured by such liens are paid when due and no Lien has been registered against any Collateral or if a Lien has been registered, same is being vigorously contested by the Obligor in good faith by appropriate proceedings and appropriate action has been taken to prevent any disposal of Collateral;
- (d) easements, encroachments, rights of way, servitudes, restrictive covenants or other similar rights in land granted to or reserved by other persons, rights of way for sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties, which easements, encroachments, rights of way, servitudes, restrictive covenants, other similar rights and restrictions do not, in the aggregate, impair the use by the Obligor of any Collateral in the conduct of its business;
- (e) title defects or irregularities which are of a minor nature and in the aggregate will not materially impair the use of the property for the purposes for which it is held by the Obligor or materially affect the Security;
- (f) purchase money liens, conditional sales agreements or other title retention mortgages, charges, hypothecs, pledges, liens or other encumbrances, including any Purchase Money Security Interest, on a property or asset created, issued or assumed (including renewals or refinancing thereof) to secure the unpaid purchase price in respect of such property or asset;
- (g) all rights reserved to or vested in any governmental body by the terms of any lease, licence, franchise, grant or permit held by the Obligor or by any statutory provision to terminate any such lease, licence, franchise, grant or permit or to require annual or periodic payments as a condition of the continuance thereof or to distraint against or to obtain a lien on any property or assets of the Obligor in the event of failure to make such annual or other periodic payments;
- (h) any Lien in respect of Bank Indebtedness;
- (i) the Liens created by the Security;
- (j) Liens under other agreements granted in favour of the Debentureholder; and

(k) such other Liens as may be approved by the Debentureholder from time to time.

"PPSA" means the *Personal Property Security Act* of the jurisdiction selected as the governing law under Section 7.5.

"Proceeds" means proceeds derived from any dealing with Collateral or proceeds therefrom, in which the Obligor now or hereafter has rights, and (as the context so admits) any item or part thereof.

"Purchase Money Security Interest" means any lien given, assumed or arising by operation of law, including capital leases, to provide or secure, or to provide the obligor with funds to pay, the whole or any part of the consideration for the acquisition of property where the principal amount of the obligation secured by such lien (i) is not in excess of the cost to the obligor of the property encumbered thereby; and (ii) is secured only by the property being acquired by the obligor, and includes the renewal or refinancing of any such lien upon the same property (to the extent the principal of such debt his not increased);

"Receiver" means any privately or court-appointed receiver and manager for the Collateral or any of the business, undertakings, property and assets of the Obligor appointed by the Debentureholder pursuant to this Agreement or by a court on application by the Debentureholder.

"Records" means books, accounts, invoices, letters, papers, security certificates, documents and other records, including, subject to privacy, confidentiality and access rights of customers, customer lists and records, in any form evidencing or relating in any way to any item or part of the Collateral and all agreements, Licences and other rights and benefits in respect thereof, and (as the context so admits) any item or part thereof.

"Recovery" means any monies received or recovered by the Debentureholder after the Security has become enforceable on account of the Secured Obligations, whether pursuant to any enforcement of the Security, any suit, action or proceeding, any settlement thereof or otherwise.

"Replacements" means all increases, additions and accessions to, and all substitutions for and replacements of, any item or part of the Collateral, in which the Obligor now or hereafter has rights, and any item or part thereof.

"Secured Documents" means this Agreement and the Debenture of even date issued to the Debentureholder by the Obligor, and any replacement debenture.

"Secured Obligations" means the obligations of the Obligor to the Debentureholder and each Assignee of whatever nature or kind arising under, by reason of, or otherwise in respect of the Secured Documents, and (as the context so admits) each and any item or part of any thereof. **"Secured Obligations"** includes obligations regardless of the place or manner in which they arise or are evidenced, whether arising directly from dealings between the Obligor and the Debentureholder and/or each Assignee or from other dealings or proceedings by which the Obligor may be or become in any manner obligated to the Debentureholder and/or each Assignee and in any currency and whether incurred by the Obligor alone or with another or others and whether as principal, guarantor or surety.

"Securities" means all securities in which the Obligor nor or hereafter has rights, and (as the context so admits) any item or part thereof.

"Security" means any and all Liens granted by the Obligor to the Debentureholder in this Agreement.

"Security Entitlement" means the rights and property interests of an entitlement holder with respect to a financial asset that are specified in Part VI of the STA.

"Software" means computer programs and databases owned by or licenced to the Obligor in whatever form and on whatever medium those programs or databases might be expressed, fixed, embodied or stored from time to time, including the object code and source code versions thereof and all corrections, updates, enhancements, translations, modifications, derivations and new versions thereof, together with both the

media upon or in which such software and databases are expressed, fixed, embodied or stored (such as disks, diskettes, tapes and semiconductor chips), and all flow charts, manuals, instructions, documentation and other material relating thereto.

"STA" means the *Securities Transfer Act, 2006* (Ontario).

2. Extended Meanings

To the extent the context so admits, any reference in this Agreement to:

an "**agreement**" shall be construed as any agreement, oral or written, any simple contract or specialty, and includes any bond, bill of exchange, indenture, instrument or undertaking.

an "**authorization**" shall be construed so as to include any authorization, approval, consent, exemption, licence, permit, franchise, quota, privilege or no-action letter from any governmental authority or from any person in connection with any easements or contractual rights.

"**change**" shall be construed as change, modify, alter, amend, supplement, extend, renew, compromise, novate, replace, terminate, release, discharge, cancel, suspend or waive or (where the context so admits) the noun or participle form of any of the foregoing, and "**changed**" and "**changes**" shall be construed in like manner.

"**claim**" shall be construed as claim, claim over, cross-claim, counter-claim, defence, demand, liability, suit, action or proceeding, judgment, order or award of any court or other governmental authority or arbitrator.

"**dispose**" shall be construed as lease, sell, transfer, licence or otherwise dispose of any property, or the commercial benefits of use or ownership of any property, including the right to profit or gain therefrom, whether in a single transaction or in a series of related transactions, and "**disposed**", "**disposition**" and "**disposal**" shall be construed in like manner.

"**final judgment**" shall be construed as a final judgment, order or award from which no appeal may be made.

"**include**", "**includes**" and "**including**" shall be construed to be followed by the statement "without limitation" and none of such terms shall be construed to limit any word or statement which it follows to the specific items or matters immediately following it or similar terms or matters.

"**losses and expenses**" shall be construed as losses, costs, expenses, damages, penalties and judgments and awards of any court or other governmental authority or arbitrator, including any applicable court or arbitration costs and legal fees and disbursements on a solicitor and client basis, and "**loss and expense**" shall be construed in like manner.

"**material**" shall be construed as material to the conduct of the business of the Obligor or to the practical realization of the Security in a manner that would avoid delay and achieve the best price obtainable for Collateral disposed of pursuant to this Agreement.

"**obligations**" shall be construed as indebtedness, obligations, promises, covenants, responsibilities, duties and liabilities (actual or contingent, direct or indirect, matured or unmatured, now existing or arising hereafter), whether arising by agreement or statute, at law, in equity or otherwise, and "**obliged**", "**obligation**" and "**obligated**" shall be construed in like manner.

"**receiver**" shall, except in the definition of "Receiver", be construed to include a privately appointed or court appointed receiver or receiver and manager, interim receiver, liquidator, trustee-in-bankruptcy, administrator, administrative receiver and any other like or similar official.

“rights” shall be construed as rights, titles, benefits, interests, powers, authorities, discretions, privileges, immunities and remedies (actual or contingent, direct or indirect, matured or unmatured, now existing or arising hereafter), whether arising by agreement or statute, at law, in equity or otherwise, and **“right”** shall be construed in like manner.

“set-off” means any right or obligation of set-off, compensation, offset, combination of accounts, netting, retention, withholding, reduction, abatement, deduction, counter-claim, cross-claim or any similar right or obligation, or (as the context requires) any exercise of any such right or performance of such obligation.

“successor” of a person (the **“relevant party”**) shall be construed so as to include (i) any amalgamated or other body corporate of which the relevant party or any of its successors is one of the amalgamating or merging body corporates and (ii) any person to whom all or substantially all of the businesses, undertakings, properties and assets of the relevant party are transferred. Each reference in this Agreement to any party hereto or any other person shall (where the context so admits) include its successors.

**SCHEDULE 2
LIST OF INTELLECTUAL PROPERTY**

OWNED BY THE OBLIGOR

ITEM #	DESCRIPTION*	REGISTRATION #	APPLICATION #
1.	Patent – Content Distribution System and Method	2,407,774 (Canada)	
2.	Patent – Content Distribution System and Method	7,529,712 (US)	
3.	Patent – Biometric Rights Management System	7,003,670 (US)	
4.	Patent Continuation – Additional Claims re 7,529,712	12/398,238 (US)	
5.	Patent – Biometric Rights Management System (pending)		2,349,797 (Canada)
6.	Patent – Media file Distribution System and Method (pending)		11/854,289 (US)
7.	Trademark – “Musicrypt”	TMA 628,527 (Canada) 3,122,346 (US)	1,183,355 76/565,007
8.	Trademark – “YANGAROO”	TMA 717,869 (Canada) Allowed (US) 006 470 629 (EU)	1,349,128 77/199,326 006 470 629
9.	Trademark – “DMDS”		1,193,475 (Canada)
10.	Trademark – “TracPac”	TMA 684,740 (Canada) 3,278,301 (US)	1,278,301 78/875,912
11.	Trademark – “YANGAROO & Design”	TMA 717,726 (Canada) Allowed (US)	1,356,778 77/236,072

* Descriptions should break out those rights which are registered or subject to application with relevant registration and application file particulars.

LICENSED TO THE OBLIGOR

ITEM #	LICENSOR	DESCRIPTION*	REGISTRATION #	APPLICATION #
1.	Admit One Security (formerly Biopassword, Inc.)	Biopassword's Internet Edition Platform for biometric user identification pursuant to License Agreement dated June 28, 2007		

LICENSED BY THE OBLIGOR TO OTHERS

N/A

**SCHEDULE 3
LIST OF SECURITIES AND SECURITY ENTITLEMENTS**

Securities:

None

Security Entitlements:

None

**SCHEDULE 4
LOCATIONS**

<i>Jurisdiction of Incorporation:</i>	<i>Ontario</i>
<i>Registered Office:</i>	95 Mural Street, Suite 600, Richmond Hill, Ontario L4B 3G2
<i>Chief Executive Office:</i>	95 Mural Street, Suite 600, Richmond Hill, Ontario L4B 3G2
<i>Places of Business:</i>	Head Office: 95 Mural Street, Suite 600, Richmond Hill, Ontario L4B 3G2 Development Centre: 18 Mowat Avenue, Toronto, Ontario M6K 3E8
<i>Locations of Records:</i>	95 Mural Street, Suite 600, Richmond Hill, Ontario L4B 3G2
<i>Locations of Tangible Collateral:</i>	Head Office: 95 Mural Street, Suite 600, Richmond Hill, Ontario L4B 3G2 Development Centre: 18 Mowat Avenue, Toronto, Ontario M6K 3E8 Co-location: Bell Canada, 21 Canniff Street, Toronto, Ontario
<i>Jurisdictions of Residence of Chief Executive Officer:</i>	<i>Ontario</i>
<i>Jurisdictions of Residence of Directors:</i>	<i>Ontario</i>

**SCHEDULE 5
LIST OF DEBENTUREHOLDERS**

- 1 James Muir
- 2 Jon D. Gill
- 3 Ross Fidler Associates Inc.
- 4 Laine Mans
- 5 Peter Homenuck
- 6 Edward F Seagram
- 7 Philip Benson
- 8 Peter Kaegi
- 9 Leslie J. Cairns
- 10 Pathway Products Inc.
- 11 Luigi Culmone
- 12 Corrine Hunt
- 13 Mona Heaven
- 14 Howard Atkinson
- 15 Anthony Low-Ber

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