

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	General Security Agreement		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Nuvo Research Inc.		05/24/2012	CORPORATION: CANADA
RECEIVING PARTY DATA			
Name:	Paladin Labs Inc.		
Street Address:	6111 Royalmount Avenue		
Internal Address:	Suite 102		
City:	Montreal, Quebec		
State/Country:	CANADA		
Postal Code:	H4P 2T4		
Entity Type:	CORPORATION: CANADA		
PROPERTY NUMBERS Total: 10			
Property Type	Number	Word Mark	
Registration Number:	3556292	PENNSAID	
Registration Number:	2502563	ZARS	
Registration Number:	2505086	CHADD	
Registration Number:	3406582	DURAPEEL	
Registration Number:	3410346	THERMOPROFEN	
Registration Number:	3231128	SYNERA	
Registration Number:	3915216	ZARS	
Registration Number:	3915217	ZARS PHARMA	
Registration Number:	3296134	SYNERA	
Registration Number:	3537479	BRAVERY OPTIONAL	
CORRESPONDENCE DATA			
Fax Number:	6175265000		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent</i>			

OP \$265.00 3556292

via US Mail.

Phone: 617-526-6448
Email: huelinh.tran@wilmerhale.com
Correspondent Name: Michael J. Bevilacqua, Esq.
Address Line 1: Wilmer Cutler Pickering Hale and DorrLLP
Address Line 2: 60 State Street
Address Line 4: Boston, MASSACHUSETTS 02109

ATTORNEY DOCKET NUMBER:	109.149.113
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DOMESTIC REPRESENTATIVE

Name: Michael J. Bevilacqua, Esq.
Address Line 1: Wilmer Cutler Pickering Hale and DorrLLP
Address Line 2: 60 State Street
Address Line 4: Boston, MASSACHUSETTS 02109

NAME OF SUBMITTER:	Michael J. Bevilacqua
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Signature:	/michael j. bevilacqua/
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Date:	08/20/2012
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Total Attachments: 45

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GENERAL SECURITY AGREEMENT

This **GENERAL SECURITY AGREEMENT** dated May 24, 2012 is given by **NUVO RESEARCH INC.**, a corporation incorporated under the laws of Ontario ("**Grantor**"), in favour of **PALADIN LABS INC.** ("**Secured Party**") pursuant to the Loan Agreement (as hereinafter defined).

WITNESSETH

WHEREAS, Secured Party has entered into certain financing arrangements with Grantor pursuant to which Secured Party may make loans and provide other financial accommodations to Grantor;

AND WHEREAS Grantor has agreed to execute and deliver this Agreement to and in favour of the Secured Party as security for payment and performance of the Obligations (as hereinafter defined).

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor hereby agrees in favour of the Secured Party as follows:

SECTION 1 - DEFINITIONS

1.1 Definitions. Unless otherwise defined in this Agreement, all terms used herein (a) which are defined in the PPSA (as hereinafter defined) shall have the meanings given therein or (b) if not defined in the PPSA and defined in the Loan Agreement shall have the meanings given therein unless otherwise defined in this Agreement. All references to the plural herein shall also mean the singular and to the singular shall also mean the plural unless the context otherwise requires. All references to Grantor and Secured Party pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and permitted assigns. The words "**hereof**", "**herein**", "**hereunder**", "**this Agreement**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced. The word "**including**" when used in this Agreement shall mean "**including, without limitation**". References herein to any statute or any provision thereof include such statute or provision as amended, revised, re-enacted and/or consolidated from time to time and any successor statute thereto. An Event of Default shall exist or continue or be continuing until such Event of Default is waived in accordance with Section 11.3 of this Agreement or is cured in a manner satisfactory to Secured Party, if such Event of Default is capable of being cured as determined by Secured Party. "**Canadian Dollars**" and the sign "\$" mean lawful money of Canada. For purposes of this Agreement, the following terms shall have the respective meanings given to them below:

- (a) "**BIA**" means the *Bankruptcy and Insolvency Act* (Canada).

- (b) “**CCAA**” means the *Companies’ Creditors Arrangement Act* (Canada).
- (c) “**Collateral**” shall have the meaning set forth in Section 2.1.
- (d) “**control**” has the meaning given to it in the STA.
- (e) “**Excluded Business**” means the business of the Grantor of developing, commercializing and licensing chlorite and/or chlorate-based wound heading and/or immunomodulating drugs, and, for greater certainty, includes all Investment Property issued by each of Dimethaid Immunology Inc. and Nuvo Research AG to the Grantor.
- (f) “**Governmental Authority**” means the government, parliament or legislature of Canada or any other nation, or of any political subdivision thereof, whether federal, provincial, state, municipal or local, and any agency, authority, instrumentality, ministry, tribunal, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supra-national bodies such as the European Union or the European Central Bank and including a Minister of the Crown, Superintendent of Financial Institutions or other comparable authority or agency.
- (g) “**Intellectual Property**” means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae, customer lists, data bases, documentation, registrations and franchises relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade-mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs; (viii) any other intellectual property and industrial property; and (ix) all additions and improvements to the foregoing.
- (h) “**limited liability company**” has the meaning given to it in subsection 12(3) of the STA;
- (i) “**LLC Interest**” means any interest in a partnership or limited liability company which is not a Security;

- (j) “**Loan Agreement**” shall mean the loan agreement dated as of the date hereof, between Grantor and Secured Party, as the same may be amended, modified, supplemented, extended, renewed, restated or replaced from time to time.
- (k) “**Loan Documents**” shall have the meaning given to such term in the Loan Agreement, as such documents may be amended, modified, supplemented, extended, renewed, restated or replaced from time to time.
- (l) “**Obligations**” means all indebtedness, liabilities and obligations (whether direct, indirect, absolute, contingent or otherwise and whether in respect of principal or interest thereon) existing from time to time of the Grantor to the Secured Party (including, for greater certainty, to any successor or permitted assign thereof, whether arising or incurred before or after the date of succession or assignment).
- (m) “**Obligor**” shall mean any guarantor, endorser, acceptor, surety or other person liable on or with respect to the Obligations or who is the owner of any property which is security for the Obligations, other than Grantor.
- (n) “**Person**” means a natural person, a corporation, company or other body corporate (with or without stock capital), a partnership or limited partnership, a trust, a trustee, executor, administrator or other legal personal representative, a syndicate, a joint venture, an unincorporated association, a regulatory body or agency, a government or governmental agency, or any other legal or business entity however designated or constituted.
- (o) “**PPSA**” shall mean the *Personal Property Security Act* (Ontario), together with all rules, regulations and interpretations thereunder or related thereto, as amended, supplemented or replaced from time to time or, to the extent applicable, the corresponding legislation in any other province.
- (p) “**Real Property**” shall mean all now owned and hereafter acquired real property of Grantor, including leasehold interests, together with all buildings, structures, and other improvements located thereon and all licenses, easements and appurtenances relating thereto, wherever located.
- (q) “**Records**” shall mean all of Grantor’s present and future books of account of every kind or nature, purchase and sale agreements, invoices, ledger cards, bills of lading and other shipping evidence, statements, correspondence, memoranda, credit files and other data relating to the Collateral or any account debtor, together with the tapes, disks, diskettes and other data and software storage media and devices, file cabinets or containers in or on which the foregoing are stored, including all copies and representations of the Intellectual Property in any form now known or in the future developed or discovered and all plans, materials, records, studies, reports, statements, facts, data, analyses, working papers, notes, charts, drawings and diagrams created in the process of developing the Intellectual Property or that may hereafter be created relating to the Intellectual Property and all compilations and reference documents with respect to the

forgoing (including any rights of Grantor with respect to the foregoing maintained with or by any other person).

- (r) “**Registered Intellectual Property**” means any Intellectual Property in respect of which ownership, title, security interests, charges or encumbrances are from time to time registered, recorded or notated with any Governmental Authority pursuant to applicable laws.
- (s) “**STA**” means the Securities Transfer Act, 2006 (Ontario) and the regulations promulgated thereunder.
- (t) “**ULC/Partnership**” means an unlimited company, unlimited liability company, unlimited liability corporation or general partnership.
- (u) “**ULC/Partnership Interest**” means the Grantor's interest in any ULC/Partnership or its interest as a general partner in a limited partnership.

SECTION 2 - GRANT OF SECURITY INTEREST

2.1 Grant of a Security Interest. To secure payment and performance of all Obligations, Grantor hereby grants to Secured Party a continuing security interest (the “**Security Interest**”) in, a lien upon, and a right of set off against, and hereby assigns to Secured Party as security, all of the present and after-acquired property of Grantor, including the following property and interests in property of Grantor, whether now owned or hereafter acquired or existing, and wherever located (together with all other collateral security for the Obligations at any time granted by Grantor to or acquired by the Secured Party from Grantor, collectively, the “**Collateral**”):

- (a) accounts;
- (b) chattel paper;
- (c) documents of title;
- (d) equipment;
- (e) goods;
- (f) intangibles;
- (g) Intellectual Property;
- (h) all licences and other agreements allowing a Person any use of or interest in the Collateral;
- (i) inventory;
- (j) investment property and financial assets;

- (k) money;
- (l) securities and instruments;
- (m) Records;
- (n) all replacements of, substitutions for and increases, additions and accessions to any of the property described above; and
- (o) all proceeds of any Collateral in any form derived directly or indirectly from any dealing with the Collateral or that indemnifies or compensates for the loss of or damage to the Collateral.

but excluding, in each case, any property or interest in property used exclusively in relation to the Excluded Business.

2.2 Exceptions to Collateral. Notwithstanding the foregoing, Collateral (a) shall not include the last day of the term of any lease (but upon the enforcement of Secured Party's rights hereunder, Secured Party shall stand possessed of such last day in trust to assign the same to any person acquiring such term), (b) shall not include any consumer goods and (c) is not and shall not be construed as an assignment of any patents, trademarks, copyrights or of any license agreement providing for the grant of any right under any patent, trademark or copyright or, except pursuant to Section 4.4, right to use any trademark or any invention covered by a patent.

2.3 Unassigned Contracts. Nothing in this Agreement shall constitute an assignment or attempted assignment of any contract, agreement, lease, permit, license or charter which by its provisions or by law is not assignable or which requires the consent of a third party to its assignment unless such consent has been obtained (an "**Unassigned Contract**"). Unless and until the consent to assignment is obtained as provided above, Grantor shall, to the extent it may do so at law or pursuant to the provisions of the Unassigned Contract or interest in question, hold all benefit to be derived from such Unassigned Contract in trust for Secured Party (including, without limitation, Grantor's beneficial interest in any such contract, agreement, lease, permit, license or charter which may be held in trust for Grantor by a third party), as additional security for payment of Obligations and shall deliver up all such benefit to Secured Party (including any accounts), promptly upon demand by Secured Party. The Grantor agrees that it shall, upon the request of the Secured Party, use all commercially reasonable efforts to obtain any consent required to permit any Unassigned Contract to be subjected to the Security Interest. The Debtor will also use all commercially reasonable efforts to ensure that all agreements entered into on and after the date of this Agreement expressly permit assignments of the benefits of such agreements as collateral security to the Secured Party in accordance with the terms of this Agreement.

2.4 Control of Instruments, Securities, etc.

- (a) Other than Certificated Securities issued by Dimethaid (UK) Ltd. to the Grantor, the Grantor shall forthwith deliver to the Secured Party, to be held by the Secured Party hereunder, all Instruments, Certificated Securities and certificated LLC Interests in its possession or control which form part of the Collateral including, without limitation, those Securities and LLC Interests listed on 3.5(a) (if any), and shall, where appropriate, duly endorse the same for transfer in blank or as the Secured Party may direct and shall make all reasonable efforts to deliver to the Secured Party any and all consents or other instruments or documents necessary to comply with any restrictions on the transfer thereof in order to transfer the same to the Secured Party.
- (b) If the Grantor acquires any Investment Property, LLC Interests or Instruments which form part of the Collateral, the Grantor will notify the Secured Party in writing and provide the Secured Party with a revised Schedule 3.5(a), recording the acquisition and particulars of such Investment Property, LLC Interests or Instruments within 5 Business Days after such acquisition. Upon request by the Secured Party, the Grantor will promptly deliver to and deposit with the Secured Party any such Investment Property which is Certificated Securities, certificated LLC Interests or Instruments, or in the case of any other Investment Property, enter into a control agreement with the relevant Securities Intermediary, Futures Intermediary or issuer and the Secured Party (in form and substance satisfactory to the Secured Party) or otherwise grant such control over such Investment Property as the Secured Party reasonably requires or considers necessary or desirable to perfect or better perfect its security interest in such Collateral or to give the Security Interest improved priority over the Collateral (including, without limitation, in the case of Uncertificated Securities or uncertificated LLC Interests, either delivering to the Secured Party an irrevocable agreement of the issuer of such Uncertificated Securities or uncertificated LLC Interests, on terms satisfactory to the Secured Party, acting reasonably, that such issuer will comply with instructions originated by the Secured Party without the further consent of the Grantor, or causing such issuer to register the Secured Party or its agent or nominee, as directed by the Secured Party, as the registered owner of such Uncertificated Securities or uncertificated LLC Interests).

SECTION 3 -REPRESENTATIONS AND WARRANTIES OF THE GRANTOR

The Grantor represents and warrants to the Secured Party that

- 3.1 French Name.** The Grantor does not have or use a French name.
- 3.2 Business Name.** All business names, former names and names of all predecessors of the Grantor within the last five years are set forth in Schedule 3.2.
- 3.3 Address of Grantor.** The address:
 - (a) of the Grantor's chief executive office is located at 7560 Airport Road, Unit 10, Mississauga, Ontario L4T 4H4;

- (b) where the books and records of the Grantor are located is 7560 Airport Road, Unit 10, Mississauga, Ontario L4T 4H4;
- (c) where accounts and invoices of the Grantor are issued is located at 7560 Airport Road, Unit 10, Mississauga, Ontario L4T 4H4; and
- (d) of the Grantor's principal place of business is located at 7560 Airport Road, Unit 10, Mississauga, Ontario L4T 4H4.

3.4 Location of Collateral. With the exception of Inventory in transit, all tangible assets comprising the Collateral are situated at the addresses set out in Schedule 3.4

3.5 Investment Property.

- (a) Schedule 3.5(a) lists all Securities or LLC Interests owned by the Grantor which form part of the Collateral.
- (b) Schedule 3.5(b) lists all Investment Property (other than Securities or LLC Interests) which are owned or maintained by or in which the Grantor otherwise has an interest or rights and which form part of the Collateral.
- (c) Schedule 3.5(c) sets out in the case of Collateral which is:
 - (i) Certificated Securities, the location of the certificate;
 - (ii) Uncertificated Securities, the location of the issuer's jurisdiction;
 - (iii) Securities Entitlements or Securities Accounts, the Security Intermediary's jurisdiction; and
 - (iv) Futures Contracts or Futures Accounts, the Futures Intermediary's jurisdiction.

3.6 Intellectual Property. Schedule 3.6 lists all Registered Intellectual Property owned or used by the Grantor which forms part of the Collateral.

3.7 Immunology Subsidiaries. Dimethaid Immunology Inc. and Nuvo Research AG are engaged only in the business of developing, commercializing and licensing chlorite and/or chlorate-based wound healing and/or immunomodulating drugs and are not engaged in the business of the Grantor of developing, commercializing and licensing a portfolio of products for the treatment of pain.

SECTION 4 - MISCELLANEOUS COVENANTS

4.1 Power of Attorney. Grantor hereby irrevocably designates and appoints Secured Party (and all persons designated by Secured Party) as Grantor's true and lawful attorney-in-fact, and authorizes Secured Party, in Grantor's or Secured Party's name, to:

- (a) at any time an Event of Default exists or has occurred and is continuing (i) demand payment on accounts or other proceeds of inventory or other Collateral, (ii) enforce payment of accounts by legal proceedings or otherwise, (iii) exercise all of Grantor's rights and remedies to collect any account or other Collateral, (iv) sell or assign any account upon such terms, for such amount and at such time or times as the Secured Party deems advisable, (v) settle, adjust, compromise, extend or renew an account, (vi) discharge and release any account, (vii) prepare, file and sign Grantor's name on any proof of claim in bankruptcy or other similar document against an account debtor, (viii) notify the post office authorities to change the address for delivery of Grantor's mail to an address designated by Secured Party, and open and dispose of all mail addressed to Grantor, and (ix) do all acts and things which are necessary, in Secured Party's determination, to fulfil Grantor's obligations under this Agreement and the other Loan Documents;
- (b) at any time that an Event of Default exists or has occurred and is continuing (i) take control in any manner of any item of payment or proceeds thereof, (ii) have access to any lockbox or postal box into which Grantor's mail is deposited, (iii) endorse Grantor's name upon any items of payment or proceeds thereof and deposit the same in the Secured Party's account for application to the Obligations, (iv) endorse Grantor's name upon any chattel paper, document, instrument, invoice, or similar document or agreement relating to any Account or any goods pertaining thereto or any other Collateral, (v) sign Grantor's name on any verification of accounts and notices thereof to account debtors and (vi) execute in Grantor's name and file any PPSA or other financing statements or amendments thereto. Grantor hereby releases Secured Party and its officers, employees and designees from any liabilities arising from any act or acts under this power of attorney and in furtherance thereof, whether of omission or commission, except as a result of Secured Party's own gross negligence or wilful misconduct as determined pursuant to a final non-appealable order of a court of competent jurisdiction; and

Grantor hereby agrees to execute and deliver the power of attorney in the form set out in Schedule 4.1 hereto to the Secured Party to evidence the power of attorney granted by this Section 4.1.

4.2

Right to Cure. Secured Party may, at its option, (a) during the existence of an Event of Default, cure any default by Grantor under any agreement with a third party or pay or bond on appeal any judgment entered against Grantor, (b) at any time, discharge liens, security interests or other encumbrances at any time levied on or existing with respect to the Collateral and (c) during the existence of an Event of Default, pay any tax, amount, incur any expense or perform any act which, in Secured Party's judgment, is necessary or appropriate to preserve, protect, insure or maintain the Collateral and the rights of Secured Party with respect thereto. Secured Party may add any amounts so expended to the Obligations and charge Grantor's account therefor, such amounts to be repayable by Grantor on demand. Secured Party shall be under no obligation to effect such cure, payment or bonding and shall not, by doing so, be deemed to have assumed any obligation or liability of Grantor. Any payment made or other action taken by

Secured Party under this Section shall be without prejudice to any right to assert an Event of Default hereunder and to proceed accordingly.

4.3 Intellectual Property. The Debtor will notify the Secured Party in writing within 15 days of the acquisition by the Debtor of any Registered Intellectual Property which forms part of the Collateral and will provide the Secured Party with a revised Schedule 3.6 recording the acquisition and particulars of such additional Intellectual Property.

4.4 Grant of License to Use Intellectual Property. At such time as the Secured Party is lawfully entitled to exercise its rights and remedies under SECTION 7 - the Grantor grants (to the extent permitted by the terms of any licence, if applicable) to the Secured Party an irrevocable, nonexclusive licence (exercisable without payment of royalty or other compensation to the Grantor) to use, assign or sublicense any Intellectual Property which forms part of the Collateral in which the Grantor has rights wherever the same may be located, including in such licence access to (i) all media in which any of the licensed items may be recorded or stored, and (ii) all software and computer programs used for compilation or print-out. The licence granted under this Section is to enable the Secured Party to exercise its rights and remedies under SECTION 7 - and for no other purpose.

4.5 Change of Name and Location. The Grantor shall not change its name or add any new business name or change any of the locations referred to in Section 3.3 without providing at least fifteen Business Days' advance written notice to the Secured Party of such change or addition.

4.6 ULC/Partnership Interests.

(a) Notwithstanding the grant of the Security Interest set out in Section 2.1, the Grantor shall remain registered as the sole registered and beneficial owner of any ULC/Partnership Interests and will remain as registered and beneficial owner until such time as such ULC/Partnership Interests are effectively transferred into the name of the Secured Party or any other Person on the books and records of such ULC/Partnership upon the exercise of rights to sell or otherwise dispose of ULC/Partnership Interests following the occurrence and during the continuance of an Event of Default hereunder. Nothing in this Agreement is intended to or shall constitute the Secured Party or any other Person other than the Grantor as a shareholder or member of any ULC/Partnership until such time as notice is given to such ULC/Partnership and further steps are taken thereunder so as to register the Secured Party or any other Person as the holder of the ULC/Partnership Interests of such ULC/Partnership upon the exercise of rights to sell or otherwise dispose of ULC/Partnership Interests following the occurrence and during the continuance of an Event of Default. To the extent any provision hereof would have the effect of constituting the Secured Party or any other Person as a shareholder or member of a ULC/Partnership prior to such time, such provision shall be severed therefrom and ineffective with respect to the ULC/Partnership Interests of such ULC/Partnership without otherwise invalidating or rendering unenforceable this Agreement or invalidating or rendering unenforceable such

provision insofar as it relates to Securities which are not ULC/Partnership Interests. Except upon the exercise of rights to sell or otherwise dispose of ULC/Partnership Interests following the occurrence and during the continuance of an Event of Default, the Grantor shall not cause or permit, or enable any ULC/Partnership in which it holds ULC/Partnership Interests to cause or permit, the Secured Party to: (a) be registered as a shareholder or member of such ULC/Partnership; (b) have any notation entered in its favour in the share register of such ULC/Partnership; (c) be held out as a shareholder or member of such ULC/Partnership; (d) receive, directly or indirectly, any dividends, property or other distributions from such ULC/Partnership by reason of the Secured Party holding a security interest in such ULC/Partnership; or (e) act as a shareholder or member of such ULC/Partnership, or exercise any rights of a shareholder or member of such ULC/Partnership including the right to attend a meeting of, or to vote the shares of, such ULC/Partnership.

- (b) The Grantor shall not become a partner of any partnership or a member of any limited liability company unless the terms of the partnership interest or limited liability company interest, as set out in the applicable partnership agreement, limited liability company agreement or other constating documents and any certificate representing such interest, expressly provide that such interest is a "security" for the purposes of the STA.

4.7 Other Covenants. The Grantor obliges itself:

- (a) to pay all fees and expenses, and costs of publication in respect of the Security Interest and in respect of all renewals of publication and discharges in connection therewith;
- (b) to fully and effectually maintain and keep maintained the security hereby created as a valid and effective security interest at all times;
- (c) to pay or cause to be paid all rents, taxes, rates, levies, assessments ordinary or extraordinary, government fees or dues lawfully levied, assessed or imposed upon the Collateral or any part thereof and upon the income and profits of the Grantor as and when the same become due and payable;
- (d) to at all times keep or cause to be kept the Collateral which is of an insurable nature insured for the full insurable value thereof against loss or damage by fire, such other risks as are customary for property similar to the Collateral and against such other risks as the Secured Party may reasonably require with one or more insurance companies of good standing not disapproved by the Secured Party, to pay all premiums and other sums payable for that purpose and deliver to the Creditor for inspection, when and if requested, copy of every such policy of insurance and the receipt for the last premium payable thereunder; and to, if requested, prior to the expiry of any insurance policy, deliver to the Secured Party a renewal receipt, binder or new policy replacing such expiring insurance. In case of loss or damage by fire or by any other cause or peril insured against in respect of the Collateral, the Grantor shall immediately notify the Secured Party;

- (e) to maintain and use the Collateral and its rights thereto and to conduct its business in a such a manner so as to preserve and protect the Collateral and maintain its value;
- (f) to defend the Collateral against all claims and demands respecting the Collateral made by any Person other than the Secured Party at any time;
- (g) to comply with all material requirements of any governmental or regulatory authority applicable to any Collateral or its use and with all covenants, terms or conditions upon which any Collateral used by the Grantor is held or used;
- (h) to forthwith, and from time to time, execute and do, or cause to be executed and done, all deeds, documents and things which in the opinion of the Secured Party or its counsel are necessary or advisable for giving the Secured Party a valid security interest of the nature herein specified;
- (i) to use its best efforts to, within 60 days of the date hereof, enter into account control agreements with respect to all deposit accounts located in the United States, in each case reasonably satisfactory to Secured Party;
- (j) to use its best efforts to, within 60 days of the date hereof, register in its name all Intellectual Property owned by it in the United States and Canada which forms part of the Collateral in the appropriate intellectual property offices in the United States and Canada;
- (k) to use its best efforts to, within such time frame as is agreed upon between the Grantor and the Secured Party, each acting reasonably, register in its name all Intellectual Property owned by it in all other jurisdictions which forms part of the Collateral in the appropriate intellectual property offices in all such jurisdictions; and
- (l) to use best efforts to cause, within 90 days of the date hereof, either: (i) the amendment of the supply agreement dated November 2, 2009 (as amended from time to time, the "**Tapemark Agreement**"), between Zars Pharma, Inc. and The Tapemark Company ("**Tapemark**"), such that the assignment of the Tapemark Agreement to the Secured Party upon the occurrence of an Event of Default that is continuing, is expressly permitted thereunder or (ii) cause a consent agreement with Tapemark in respect of the Tapemark Agreement to be entered into, in form reasonably satisfactory to the Secured Party, such that Tapemark consents to the assignment of the Tapemark Agreement to the Secured Party upon the occurrence of an Event of Default that is continuing.

SECTION 5 -INVESTMENT PROPERTY

- 5.1 Registration in Secured Party's Name.** In addition to the rights granted to the Secured Party pursuant to Section 2.4(b) in respect of Uncertificated Securities, if the Collateral at any time includes Investment Property or LLC Interests, upon the

occurrence and during the continuance of an Event of Default, the Grantor authorizes the Secured Party to transfer the same or any part thereof into its own name or that of its nominee so that the Secured Party or its nominee may appear as the sole owner of record thereof.

5.2 Voting and Other Rights.

- (a) So long as no Event of Default has occurred and is continuing:
 - (i) the Grantor may exercise all rights to vote and to exercise all rights of conversion or retraction or other similar rights with respect to any Securities or LLC Interests; provided that no such exercise, in the reasonable opinion of the Secured Party, will have an adverse effect on the value of such Securities or LLC Interests and all expenses of the Secured Party in connection therewith have been paid in full and provided further that, upon the exercise of the conversion right or retraction right, the additional Securities, LLC Interests or Money resulting therefrom shall be paid or delivered to the Secured Party; and
 - (ii) the Grantor shall, subject to Section 2.3, be entitled to receive all dividends (whether paid or distributed in cash, securities or other property) and interest declared and paid or distributed in respect of the Securities or LLC Interests.
- (b) Upon the occurrence of an Event of Default and during the continuance thereof:
 - (i) no proxy granted by the Secured Party or its nominee to the Grantor or its nominee in respect of any Securities or LLC Interests shall thereafter be effective;
 - (ii) the Grantor shall have no rights to vote or take any other action with respect to any Securities or LLC Interests;
 - (iii) the Secured Party may, but shall not be obligated to, vote and take all other action with respect to any Securities or LLC Interests; and
 - (iv) the Grantor shall cease to be entitled to receive any dividends or interest, whether declared or payable before or after the occurrence of an Event of Default, in respect of the Securities or LLC Interests and such dividends or interest shall be received by the Grantor in trust and paid to the Secured Party in accordance with Section 6.2.

SECTION 6 -COLLECTION OF PROCEEDS AND ACCOUNTS

- 6.1** **Control of Proceeds and Accounts.** After the occurrence of an Event of Default and during the continuance thereof, the Secured Party may, acting reasonably, at any time take control of any Proceeds and Accounts, and the Secured Party may notify, acting reasonably, any account debtor of the Grantor or any debtor under any instrument held by the Grantor or the Secured Party in satisfaction *pro tanto*

of the Obligations hereunder to make payment directly to the Secured Party whether or not the Grantor has theretofore been making collections on the Collateral. From time to time after the occurrence of an Event of Default and during the continuance thereof and upon the reasonable request in writing of the Secured Party, the Grantor shall also so notify such Persons to make payment directly to the Secured Party and the Secured Party may, in its discretion, apply such in satisfaction *pro tanto* of the Obligations or hold such payments as further Collateral hereunder.

- 6.2 **Dividends, Proceeds and Accounts Received in Trust.** After the occurrence of an Event of Default and during the continuance thereof, if the Grantor shall collect or receive any dividends or interest payments or any Accounts or shall be paid for any of the other Collateral or shall receive any Proceeds, all Money so collected or received by the Grantor shall be received by the Grantor as trustee for the Secured Party and shall be paid to the Secured Party forthwith upon demand and the Secured Party may, in its discretion, apply such in satisfaction *pro tanto* of the Obligations or hold such payments as further Collateral hereunder.

SECTION 7 -EVENTS OF DEFAULT AND REMEDIES

- 7.1 **Events of Default.** The occurrence or existence of any Event of Default under the Loan Agreement is referred to herein individually as an “**Event of Default**”, and collectively as “**Events of Default**”.

- 7.2 Remedies.

- (a) At any time an Event of Default exists or has occurred and is continuing, Secured Party shall have all rights and remedies provided in this Agreement, the other Loan Documents, the PPSA and other applicable law, all of which rights and remedies may be exercised without notice to or consent by Grantor or any Obligor, except as such notice or consent is expressly provided for hereunder or required by applicable law. All rights, remedies and powers granted to Secured Party hereunder, under any of the other Loan Documents, the PPSA or other applicable law, are cumulative, not exclusive and enforceable, in Secured Party’s discretion, alternatively, successively, or concurrently on any one or more occasions, and shall include, without limitation, the right to apply to a court of competent jurisdiction for an injunction to restrain a breach or threatened breach by Grantor of this Agreement or any of the other Loan Documents. Secured Party may, at any time or times, proceed directly against Grantor or any Obligor to collect the Obligations without prior recourse to the Collateral.
- (b) Without limiting the foregoing, at any time an Event of Default exists or has occurred and is continuing, all of the Obligations shall without any further notice or any other action on the part of the Secured Party be due and payable forthwith by the Grantor to the Secured Party and the Security Interest hereby granted shall immediately become enforceable and the Secured Party may, forthwith or at any time thereafter and without notice to the Grantor, except as provided in the Act or this Agreement: (i) declare any or all of the Obligations not then due and payable

to be immediately due and payable by giving notice in writing thereof to the Grantor and, in such event, such Obligations shall be due and payable forthwith by the Grantor to the Secured Party, (ii) with or without judicial process or the aid or assistance of others, enter upon any premises on or in which any of the Collateral may be located and take possession of the Collateral or complete processing, manufacturing and repair of all or any portion of the Collateral and carry on the business of Grantor, (iii) require Grantor, at Grantor's expense, to assemble and make available to Secured Party any part or all of the Collateral at any place and time designated by Secured Party, and the Grantor agrees to so assemble the Collateral, (iv) collect, foreclose, receive, appropriate, setoff and realize upon any and all Collateral, (v) remove any or all of the Collateral from any premises on or in which the same may be located for the purpose of effecting the sale, foreclosure or other disposition thereof or for any other purpose, (vi) sell, lease, transfer, assign, deliver or otherwise dispose of any and all Collateral (including entering into contracts with respect thereto, public or private sales at any exchange, broker's board, at any office of Secured Party or elsewhere) at such prices or terms as Secured Party may deem reasonable, for cash, upon credit or for future delivery, with the Secured Party having the right to purchase the whole or any part of the Collateral at any such public sale, all of the foregoing being free from any right or equity of redemption of Grantor, which right or equity of redemption is hereby expressly waived and released by Grantor, (vii) borrow money and use the Collateral directly or indirectly in carrying on Grantor's business or as security for loans or advances for any such purposes, and/or (viii) grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges, and otherwise deal with Grantor, debtors of Grantor, sureties and others as Secured Party may see fit without prejudice to the liability of Grantor or Secured Party's right to hold and realize the security interest created under any Loan Document. If any of the Collateral is sold or leased by Secured Party upon credit terms or for future delivery, the Obligations shall not be reduced as a result thereof until payment therefor is finally collected by Secured Party. If notice of disposition of Collateral is required by law, subject to section 7.2(c) hereof, five (5) days prior notice or such other (longer) notice as required by applicable law by Secured Party to Grantor designating the time and place of any public sale or the time after which any private sale or other intended disposition of Collateral is to be made, shall be deemed to be reasonable notice thereof and Grantor waives any other notice. In the event Secured Party institutes an action to recover any Collateral or seeks recovery of any Collateral by way of prejudgment remedy, Grantor waives the posting of any bond which might otherwise be required.

- (c) The parties hereto acknowledge and agree that any sale referred to in Section 7.2(b) may be a sale of either all or any portion of the Collateral and may be by way of public auction, public tender, private contract or otherwise without notice, advertisement or any other formality, except as required by law, all of which are hereby waived by the Grantor to the extent permitted by law. To the extent not prohibited by law, any such sale may be made with or without any special condition as to the upset price, reserve bid, title or evidence of title or other matter

and from time to time as the Secured Party in its sole discretion thinks fit with power to vary or rescind any such sale or buy in at any public sale and resell. The Secured Party may sell the Collateral for a consideration payable by instalments either with or without taking security for the payment of such instalments and may make and deliver to any purchaser thereof good and sufficient deeds, assurances and conveyances of the Collateral and give receipts for the purchase money, and any such sale shall be a perpetual bar, both at law and in equity, against the Grantor and all those claiming an interest in the Collateral by, from, through or under the Grantor.

- (d) Without limiting Section 7.2(c), the parties hereto further acknowledge and agree that in connection with any sale by the Secured Party of any Investment Property or LLC Interest forming part of the Collateral, the Secured Party is authorized to comply with any limitation or restriction as it may be advised by counsel or otherwise considers is necessary to comply with applicable law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such Collateral. The Grantor further agrees that compliance with any such limitation or restriction will not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Secured Party will not be liable or accountable to the Grantor for any discount allowed by reason of the fact that such Collateral is sold in compliance with any such limitation or restriction..
- (e) To the extent that applicable law imposes duties on Secured Party to exercise remedies in a commercially reasonable manner (which duties cannot be waived under such law), Grantor acknowledges and agrees, to the extent permitted by applicable law, that it is not commercially unreasonable for Secured Party (i) to fail to incur expenses reasonably deemed significant by Secured Party to prepare Collateral for disposition or otherwise to complete raw material or work-in-process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain consents of any governmental authority or other third party for the collection or disposition of Collateral to be collected or disposed of, (iii) to fail to exercise collection remedies against account debtors, secondary obligors or other persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral, (iv) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other persons, whether or not in the same business as Grantor, for expressions of interest in acquiring all or any portion of the Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature,

(viii) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, (xi) to purchase insurance or credit enhancements to insure Secured Party against risks of loss, collection or disposition of Collateral or to provide to Secured Party a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent deemed appropriate by Secured Party, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Secured Party in the collection or disposition of any of the Collateral. Grantor acknowledges that the purpose of this Section is to provide non-exhaustive indications of what actions or omissions by Secured Party would not be commercially unreasonable in the exercise by Secured Party of remedies against the Collateral and that other actions or omissions by Secured Party shall not be deemed commercially unreasonable solely on account of not being indicated in this Section. Without limitation of the foregoing, nothing contained in this Section shall be construed to grant any rights to Grantor or to impose any duties on Secured Party that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section.

- (f) At any time an Event of Default has occurred and is continuing, Secured Party may apply the cash proceeds of Collateral actually received by Secured Party from any sale, lease, foreclosure or other disposition of the Collateral to payment of the Obligations, in whole or in part and in accordance with the terms of the Loan Agreement, whether or not then due or may hold such proceeds as cash collateral for the Obligations. Grantor shall remain liable to Secured Party for the payment of any deficiency with interest at the highest rate provided for herein and all costs and expenses of collection or enforcement, including legal fees and expenses.
- (g) Secured Party may seek the appointment of a receiver, receiver-manager or keeper (a "**Receiver**") to take possession of all or any portion of the Collateral or to operate same and, to the maximum extent permitted by law, may seek the appointment of such a receiver without the requirement of prior notice or a hearing. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed agent of Grantor and not Secured Party, and Secured Party shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Grantor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Grantor, enter upon, use and occupy all premises owned or occupied by Grantor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Grantor's business or as

security for loans or advances to enable the Receiver to carry on Grantor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by Secured Party, all money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to Secured Party. Every such Receiver may, in the discretion of Secured Party, be vested with all or any of the rights and powers of Secured Party. Secured Party may, either directly or through its nominees, exercise any or all powers and rights given to a Receiver by virtue of the foregoing provisions of this Section.

- (h) Grantor shall pay all costs, charges and expenses incurred by Secured Party or any Receiver, whether directly or for services rendered (including, solicitor's costs on a solicitor and his own client basis, auditor's costs, other legal expenses and Receiver remuneration) in enforcing this Agreement and in enforcing or collecting Obligations and all such expenses together with any money owing as a result of any borrowing permitted hereby shall be a charge on the proceeds of realization and shall be secured hereby.
- (i) The Secured Party shall not be under any obligation to, or liable or accountable for any failure to, enforce payment or performance of the Obligations or to seize, realize, take possession of or dispose of the Collateral and shall not be under any obligation to institute proceedings for any such purpose.

SECTION 8 -POSSESSION OF COLLATERAL BY THE SECURED PARTY

8.1 Possession of Collateral. Where any Collateral is in the possession of or controlled by the Secured Party:

- (a) the Secured Party may, at any time following the occurrence of an Event of Default which is continuing, grant or otherwise create a security interest in such Collateral upon any terms, whether or not such terms impair the Grantor's right to redeem such Collateral;
- (b) the Secured Party may, at any time following the occurrence of an Event of Default which is continuing, use such Collateral in any manner and to such extent as it deems necessary or desirable; and
- (c) the Secured Party shall have no obligation to keep fungible Collateral in its possession identifiable.

8.2 Duty of Secured Party. The Secured Party shall have no duty with respect to any of the Collateral in its possession other than the duty to use the same degree of care in the safe custody of the Collateral in its possession as it uses with respect to property which it owns.

SECTION 9 -CONTINUING OBLIGATIONS

9.1 Continuing Obligations. Notwithstanding any other term or condition of this Agreement, this Agreement shall not relieve the Grantor or any other party to any

of the Collateral from the observance or performance of any term, covenant, condition or agreement on its part to be observed or performed thereunder or from any liability to any other party or parties thereto or impose any obligation on the Secured Party to observe or perform any such term, covenant, condition or agreement to be so observed or performed, and the Grantor hereby agrees to indemnify and hold harmless the Secured Party from and against any and all losses, liabilities (including liabilities for penalties), costs and expenses which may be incurred by the Secured Party, other than losses, liabilities (including liabilities for penalties), costs and expenses which are incurred as a result of the Secured Party's gross negligence or wilful misconduct, under the Collateral and from all claims, demands, actions, suits and judgments which may be asserted against the Secured Party, other than claims, demands, actions, suits and judgments which may be asserted as a result of the Secured Party's gross negligence or wilful misconduct, by reason of any alleged obligation or undertaking on their part to observe, perform or discharge any of the terms, covenants, conditions and agreements contained in the Collateral. The Secured Party may, at its option, perform any term, covenant, condition or agreement on the part of the Grantor to be performed under or in respect of the Collateral (and/or enforce any of the rights of the Grantor thereunder) without thereby waiving any rights to enforce this Agreement. Nothing contained in this Section 9.1 shall be deemed to constitute the Secured Party the mortgagee in possession of the Collateral or the lessee under any lease or agreement to lease unless the Secured Party has agreed to become such mortgagee in possession or to be a lessee.

SECTION 10 -ACKNOWLEDGEMENT BY THE GRANTOR

10.1 Acknowledgements. The Grantor

- (a) acknowledges receipt of a true copy of this Agreement;
- (b) acknowledges receipt of a copy of the financing statement registered under the Act evidencing the Security Interest; and
- (c) acknowledges and agrees that, subject to the terms of the Loan Agreement, this Agreement may be assigned by the Secured Party to any Person, as the Secured Party may determine and, in such event, such assignee shall be entitled to all of the rights and remedies of the Secured Party as set forth in this Agreement or otherwise and the Secured Party shall be released and discharged from its further obligations hereunder upon the assumption of same by the assignee.

SECTION 11 - JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS; GOVERNING LAW

11.1 Governing Law; Choice of Forum; Service of Process; Jury Trial Waiver.

- (a) The validity, interpretation and enforcement of this Agreement and any dispute arising out of the relationship between the parties hereto, whether in contract, tort,

equity or otherwise, shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

- (b) Grantor irrevocably consents and submits to the non-exclusive jurisdiction of the Ontario Superior Court of Justice and waives any objection based on venue or *forum non conveniens* with respect to any action instituted therein arising under this Agreement or in any way connected with or related or incidental to the dealings of Grantor and Secured Party in respect of this Agreement or the transactions related hereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and agrees that any dispute with respect to any such matters shall be heard only in the courts described above (except that Secured Party shall have the right to bring any action or proceeding against Grantor or its property in the courts of any other jurisdiction which Secured Party deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against Grantor or its property).
- (c) Grantor hereby expressly waives all rights of notice and hearing of any kind prior to the exercise of rights by Secured Party while an Event of Default exists, to repossess the Collateral with judicial process or to replevy, attach or levy upon the Collateral or other security for the Obligations. Grantor waives the posting of any bond otherwise required of Secured Party in connection with any judicial process or proceeding to obtain possession of, replevy, attach or levy upon the Collateral or other security for the Obligations, to enforce any judgment or other court order entered in favour of Secured Party, or to enforce by specific performance, temporary restraining order, preliminary or permanent injunction, this Agreement or any other Loan Document.

11.2 Waiver of Notices. Grantor hereby expressly waives, to the extent permitted by law, demand, presentment, protest and notice of protest and notice of dishonour with respect to any and all instruments and commercial paper, included in or evidencing any of the Obligations or the Collateral, and any and all other demands and notices of any kind or nature whatsoever with respect to the Obligations, the Collateral and this Agreement, except such as are expressly provided for herein. No notice to or demand on Grantor which Secured Party may elect to give shall entitle Grantor to any other or further notice or demand in the same, similar or other circumstances.

11.3 Amendments and Waivers. Neither this Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of Secured Party, and as to amendments, as also signed by an authorized officer of Grantor. Secured Party shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and signed by an authorized officer of Secured Party. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Secured Party of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of

any such right, power and/or remedy which Secured Party would otherwise have on any future occasion, whether similar in kind or otherwise.

- 11.4 Waiver of Counterclaims.** Grantor waives all rights to interpose any claims, deductions, setoffs or counterclaims of any nature (other than compulsory counterclaims) in any action or proceeding with respect to this Agreement, the Obligations, the Collateral or any matter arising therefrom or relating hereto or thereto.

SECTION 12 - MISCELLANEOUS

- 12.1 Rights and Remedies Are Not Mutually Exclusive.** The rights and remedies of the Secured Party under this Agreement are cumulative and not alternative. Any single or partial exercise by the Secured Party of any right or remedy for a default of any term, covenant, condition or agreement in this Agreement shall not be deemed to be a waiver of or to alter, affect or prejudice any other rights or remedies to which the Secured Party may be lawfully entitled for the same default. Such rights and remedies are in addition to and not in substitution for any rights or remedies provided by applicable laws.
- 12.2 Notices.** All notices, requests and demands hereunder shall be in writing and given in accordance with the Loan Agreement.
- 12.3 Partial Invalidity.** If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.
- 12.4 Waiver.** No amendment or waiver of any provision of this Agreement shall be binding on any party unless consented to in writing by such party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. No waiver by the Secured Party of the strict observance, performance or compliance with any term, covenant, condition or agreement herein contained shall be deemed to be a waiver of any subsequent default. No waiver shall be inferred from or implied by any failure to act or delay in acting by the Secured Party in respect of any default or by anything done or omitted to be done by the Grantor. The Secured Party may, at any time, grant extensions of time or other indulgences to, accept compositions from or grant releases and discharges to the Grantor in respect of the Collateral or otherwise deal with the Grantor or with the Collateral and other security held by the Secured Party, all as the Secured Party may see fit, and the Grantor agrees that any such act or any failure by the Secured Party to exercise any of its rights or remedies, whether provided for herein or otherwise, shall in no way affect or impair the Security Interest or the rights and remedies of the Secured Party, whether provided for in this Agreement or otherwise

- 12.5** **Successors.** This Agreement, the other Loan Documents and any other document referred to herein or therein shall be binding upon Grantor and its successors and assigns and enure to the benefit of and be enforceable by Secured Party and its successors and assigns, except that Grantor may not assign its rights under this Agreement, the other Loan Documents and any other document referred to herein or therein without the prior written consent of Secured Party.
- 12.6** **Application of Payments.** Subject to the provisions of the Loan Agreement, any and all payments made by the Grantor to the Secured Party in respect of the Obligations from time to time and any and all moneys realized by the Secured Party whether hereunder or otherwise may be applied by the Secured Party to such part or parts of the Obligations as the Secured Party shall in its sole discretion determine. The Secured Party shall at all times and from time to time have the right to change any application so made.
- 12.7** Effective Date and Termination.
- (a) This Agreement shall become effective according to its terms immediately upon the execution hereof by the Secured Party and the Grantor.
- (b) This Agreement may be terminated by:
- (i) written agreement made between the Secured Party and the Grantor; or
- (ii) immediately at such time as all of the Obligations have been fully satisfied and performed by the Debtor and the Loan Agreement has been terminated in accordance with its terms.
- (c) Upon termination of this Agreement in accordance with the provisions of Section 12.7(b), the Secured Party shall, at the request and expense of the Grantor, make and do all such acts and things and execute and deliver all such financing statements, instruments, agreements and documents as the Grantor considers necessary or desirable to discharge the Security Interest, to release and discharge the Collateral therefrom and to record such release and discharge in all appropriate offices of public record.
- 12.8** **Other Security.** This Agreement and the Security Interest are in addition to and not in substitution for any other agreement made between the Secured Party and the Grantor or any other security granted by the Grantor to the Secured Party or a Lender, whether before or after the execution of this Agreement.
- 12.9** **Entire Agreement.** This Agreement, the other Loan Documents, any supplements hereto or thereto, and any instruments or documents delivered or to be delivered in connection herewith or therewith represents the entire agreement and understanding concerning the subject matter hereof and thereof between the parties hereto, and supersede all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments,


proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

- 12.10 Attachment.** The security interest created hereby is intended to attach when this Agreement is executed by Grantor and delivered to Secured Party. The Borrower acknowledges that the parties have not agreed to postpone the time for attachment of the security interest created hereby.
- 12.11 Headings.** The division of this agreement into Sections and the insertion of headings are for convenience only and shall not affect the construction or interpretation of this Agreement.
- 12.12 Execution by Facsimile or Electronic Means.** Execution and delivery of this Agreement by telefacsimile or other electronic method of transmission shall have the same force and effect as the delivery of an originally executed copy of this Agreement. Should Grantor deliver an executed copy of this Agreement by telefacsimile or other electronic method of transmission, it shall also deliver an original executed counterpart, but the failure to do so shall not affect the validity, enforceability or binding effect of this Agreement.
- 12.13 Loan Agreement.** In the event of a conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement, the applicable terms of the Loan Agreement shall govern.
- 12.14 Survival.** It is the express intention and agreement of the parties hereto that all covenants, representations, warranties and waivers and indemnities made by the Grantor herein shall survive the execution and delivery of this Agreement until all Obligations have been fully satisfied and performed by the Grantor and the Loan Agreement has been terminated in accordance with its terms.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

PALADIN LABS INC.

Per: 
Name: SAVITRI SAKHI
Title: CHIEF FINANCIAL OFFICER

NUVO RESEARCH INC., as Grantor

Per: _____
Name:
Title:

DECLARATION OF EXECUTION

I, _____, whose full post office address is: _____

hereby declare, that I was personally present and did see the Authorized Signing Officer for the Grantor who is personally known to me duly sign and execute the above general security agreement.

Signature

[General Security Agreement – Nuvo Research Inc.]


TRADEMARK
REEL: 004846 FRAME: 0143

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

PALADIN LABS INC.


Per: _____
Name:
Title:

NUVO RESEARCH INC., as Grantor

Per: 
Name: DAN CHICOINE
Title: CHAIRMAN & CO-CEO

DECLARATION OF EXECUTION

I, MARY APRILE, whose full post office address
is: 2098 PHARMACY AVE., SCARBORO, ONT.
hereby declare, that I was personally present and did see the Authorized Signing Officer
for the Grantor who is personally known to me duly sign and execute the above general
security agreement.



Signature

[General Security Agreement – Nuvo Research Inc.]

TRADEMARK
REEL: 004846 FRAME: 0144

SCHEDULE 3.2

PREDECESSORS AND PRIOR NAMES WITHIN LAST FIVE YEARS

Nil.

SCHEDULE 3.4

COLLATERAL LOCATIONS

- (a) 7560 Airport Road, Unit 10, Mississauga, Ontario L4T 4H4
- (b) 3675, Chemin de la Côte-Bissonnette, Ville de Varennes, province de Québec,
J3X 1P7

SCHEDULE 3.5(a)

SECURITIES/LLC INTERESTS

<u>Issuer</u>	<u>Holder</u>	<u>Number of Shares</u>	<u>Certificate No.</u>
ZARS Pharma, Inc.	Nuvo Research Inc.	1 preferred share	1
ZARS Pharma, Inc.	Nuvo Research Inc.	10 common shares	3
Nuvo Research America, Inc.	Nuvo Research Inc.	1,000 shares of common stock	C-1

SCHEDULE 3.5(b)

OTHER INVESTMENT PROPERTY

Nil.

SCHEDULE 3.5(c)

FINANCIAL ASSETS

Certificated Securities:

<u>Issuer</u>	<u>Holder</u>	<u>Number of Shares</u>	<u>Certificate No.</u>
ZARS Pharma, Inc.	Nuvo Research Inc.	1 preferred share	1
ZARS Pharma, Inc.	Nuvo Research Inc.	10 common shares	3
Nuvo Research America, Inc.	Nuvo Research Inc.	1,000 shares of common stock	C-1

Uncertificated Securities, Securities Entitlements, Securities Accounts, Futures Accounts and Futures Contracts:

Nil.

SCHEDULE 3.6

INTELLECTUAL PROPERTY

OWNED PATENTS

Patent Family	Country	Internal File #	Application No. (Filing Date)	Publication No. (Publication Date)	Patent No. (Issue Date) [Anticipated Expiry Date]
"Diclofenac Gel"	United States	DICL-2.0%-PROV	US 60/829,756 (Oct 17, 2006)		
	International (WIPO)	DICL-2.0%-PCT	PCT/US07/81674 (Oct 17, 2007)	WO 2008/049020 (Apr 24, 2008)	
	Australia	DICL-2.0%-PCT-AU	2007311019 (Oct 17, 2007)		
	Brazil	DICL-2.0%-PCT-BR	PI0717769-0 (Oct 17, 2007)		
	Canada	DICL-2.0%-PCT-CA	2,666,398 (Oct 17, 2007)		
	China	DICL-2.0%-PCT-CN	200780046403.8 (Oct 17, 2007)	CN 101588791A (Nov 25, 2009)	
	Europe	DICL-2.0%-PCT-EP	07863421.9 (Oct 17, 2007)	EP 2 086 504 (Aug 12, 2009)	
	Hong Kong	DICL-2.0%-PCT-HK	10101218.2 (Oct 17, 2007)		
	Israel	DICL-2.0%-PCT-IL	198161 (Oct 17, 2007)		
	India	DICL-2.0%-PCT-IN	1780/KOLNP/2009 (Oct 17, 2007)		
	Japan	DICL-2.0%-PCT-JP	2009-533509 (Oct 17, 2007)	JP 2010-506952 (March 4, 2010)	
	Mexico	DICL-2.0%-PCT-MX	MX/a/2009/004038 (Oct 17, 2007)		
	New Zealand	DICL-2.0%-PCT-NZ	577020 (Oct 17, 2007)		
	Russia	DICL-2.0%-PCT-RU	2009118392 (Oct 17, 2007)		
United States	DICL-2.0%-PCT-US New Title: Diclofenac Topical Formulation	12/134,121 (Oct 17, 2007)	US 2008-0300311 (Dec 4, 2008)		

[General Security Agreement – Nuvo Research Inc.]

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REEL: 004846 FRAME: 0150**

Patent Family	Country	Internal File #	Application No. (Filing Date)	Publication No. (Publication Date)	Patent No. (Issue Date) [Anticipated Expiry Date]
	South Africa	DICL-2.0%-PCT-ZA	2009/03135 (Oct 17, 2007)		2009/03135 (Aug 25, 2010) [Oct 17, 2027]
"Transdermal Drug Delivery Formulation"	United States	NSAID-OA/AZ-PROV-1	60/705,498 (Aug 5, 2005)		
	United States	NSAID-OA/AZ-PROV-2	60/771,030 (Feb 8, 2006)		
	International (WIPO)	NSAID-OA/AZ-PCT	PCT/CA2006/001271 (Aug 4, 2006)	WO 2007/016766 (Feb 15, 2007)	
	Canada	NSAID-OA/AZ-PCT-CA	2,617,934 (Aug 4, 2006)		
	China	NSAID-OA/AZ-PCT-CN	200680036519.9 (Aug 4, 2006)		101296691B (July 27, 2011) [August 4, 2026]
	China	NSAID-OA/AZ-PCT-CN- DIV	201110158585.6 (Aug. 4, 2006)	CN 102225046A (Oct 26, 2011)	
	Europe	NSAID-OA/AZ-PCT-EP	06775058.8 (Aug 4, 2006)	EP 1 909 772 (April 16, 2008)	
	United States	NSAID-OA/AZ-PCT-US	12/063,028 (Aug 4, 2006)	US 2008/0319092 (Dec 25, 2008)	
"Treatment of pain with topical diclofenac compounds"	United States	DICL-LABEL-PROV	61/211,600 (March 31, 2009)		
	United States	DICL-LABEL-US	12/459,998 (July 10, 2009)	(not published)	
	United States	DICL-LABEL-US-CIP	12/660,865 (March 4, 2010) (CIP of 12/459,998)	(not published)	
	United States	DICL-LABEL-US-CON	12/914,867 (October 28, 2010) (CON of 12/660,865)	(not published)	
"Foamable Formulation"	United States	NSAID-FOAM-PROV	61/312,629 (March 10, 2010)		
	International (WIPO)	NSAID-FOAM-PCT	PCT/US2011/028004 (March 10, 2011)	WO 2011/112875 (Sept 15, 2011)	
"Topical Nail Formulation"	United States	ONY-OA-PROV	60/778,103 (Mar 2, 2006)		

Patent Family	Country	Internal File #	Application No. (Filing Date)	Publication No. (Publication Date)	Patent No. (Issue Date) [Anticipated Expiry Date]
	International (WIPO)	ONY-OA-PCT	PCT/CA2007/000323 (March 1, 2007)	WO 2007/098591 (Sept 7, 2007)	
	United States	ONY-OA-PCT-US	12/281,258 (March 1, 2007)	US 2009/0215888 (August 27, 2009)	
"Highly Permeating Terbinafine Formulation for Treating Onychomycosis"	United States	ONY-ATG-PROV	61/289,967 (Dec 23, 2009)		
	United States	ONY-DCAM/ATG-PROV	61/289,962 (Dec 23, 2009)		
	International (WIPO)	ONY-DCAM/ATG-PCT	PCT/US2010/061940 (Dec 22, 2010)	WO 2011/079234 (June 30, 2011)	
"Method for Treating Headache Pain with Topical Local Anesthetic Compositions"	Australia	BENZO-BRAD-PCT-AU	31300/97 (May 20, 1997)		727736 (Dec 21, 2000) [May 20, 2017]
	Canada	BENZO-BRAD-PCT-CA	2,283,929 (May 20, 1997)		2, 283,929 (Feb 20, 2007) [May 20, 2017]
	United States	BENZO-BRAD-US	08/558,598 (Oct 30, 1995)		5,667,799 (Sept 16, 1997) [Oct 30, 2015]
"Formulations for the Treatment of Acute Herpes Zoster Pain"	United States	LIDO-SOLUTION-PROV	61/112,123 (Nov 6, 2008)		
	International (WIPO)	LIDO-SOLUTION-PCT	PCT/US2009/063414 (Nov 5, 2009)	WO/2010/054093 (May 14, 2010)	
	Canada	LIDO-SOLUTION-PCT-CA	2,742,603 (November 5, 2009)		
	United States	LIDO-SOLUTION-PCT-US	13/127,470 (November 5, 2009)	US 2011-0288123 (Nov 24, 2011)	
	Europe	LIDO-SOLUTION-PCT-EP	09748923.1 (November 5, 2009)	EP 2 349 337 (August 3, 2011)	
"Pharmaceutical Formulations and Methods of Use"	United States	LIDO-TC-PROV	61/237,252 (August 26, 2009)		
	International (WIPO)	LIDO-TC-PCT	PCT/US2010/046875 (August 26, 2010)	WO 2011/028629 (March 10, 2011)	
	United States	LIDO-TC-PCT-US	13/392,498 (August 26, 2010)		

Patent Family	Country	Internal File #	Application No. (Filing Date)	Publication No. (Publication Date)	Patent No. (Issue Date) [Anticipated Expiry Date]
	Europe	LIDO-TC-PCT-EP	Application no. TBA (August 26, 2010)		
"Topical Formulations"	United States	ETO-CHASSIS-III-PROV	61/247,222 (Sept 30, 2009)		
	International (WIPO)	ETO-CHASSIS-III-PCT	PCT/US2010/051001 (Sept 30, 2010)	WO 2011/041609 (April 7, 2011)	
	Europe	ETO-CHASSIS-III-PCT-EP	Application no. TBA (Sept 30, 2010)		
"Topical Formulation Comprising Etoricoxib and a Zwitterionic Surfactant"	United States	ETO-CHASSIS-I-PROV	61/250,452 (Oct 9, 2009)		
	International (WIPO)	ETO-CHASSIS-I-PCT	PCT/US2010/052111 (Oct 8, 2010)	WO 2011/044540 (April 14, 2011)	
	Europe	ETO-CHASSIS-I-PCT-EP	Application no. TBA (Oct 8, 2010)		
"Topical Etoricoxib Formulation Comprising an Eutectic Mixture of Permeation Enhancers"	United States	ETO-CHASSIS-II-PROV	61/260,351 (Nov 11, 2009)		
	International (WIPO)	ETO-CHASSIS-II-PCT	PCT/US2010/056419 (Nov 11, 2010)	WO 2011/060195 (May 19, 2011)	
	Europe	ETO-CHASSIS-II-PCT-EP	Application no. TBA (Nov 11, 2010)		
"Topical Etoricoxib Formulation"	United States	ETO-CHASSIS-IV-PROV	61/349,712 (May 28, 2010)		
	International (WIPO)	ETO-CHASSIS-IV-PCT	PCT/US2011/035788 (May 9, 2011)	WO 2011/149645 (Dec 1, 2011)	
"Topical Ibuprofen Formulations"	United States	IBU-GEL-PROV	61/264,724 (Nov 27, 2009)		
	International (WIPO)	IBU-GEL-PCT	PCT/CA2010/001899 (Nov 26, 2010)	WO 2011/063531 (June 3, 2011)	

Platform or Product	Country	Internal File #	Application No. (Filing Date)	Patent No. (Issue Date) [Anticipated Expiry Date]

Platform or Product	Country	Internal File #	Application No. (Filing Date)	Patent No. [Anticipated Expiry Date]
Synera	United States	LIDO/TET-SYNERA-1-US	08/508,463 (7/28/1995)	5,658,583 [July 28, 2015]
Synera Pliaglis	United States	LIDO/TET-SYNERA/PLIAGLIS-US	08/819,880 (3/18/1997)	5,919,479 July 28, 2015]
Synera	United States	LIDO/TET-SYNERA-2-US	09/162,890 (9/29/1998)	6,245,347 [July 28, 2015]
Fentanyl Patch	United States	FENTANYL-PATCH-US	09/545,591 (4/7/2000)	6,303,142 [July 28, 2015]
Synera	United States	LIDO/TET-SYNERA-3-US	09/545,497 (4/7/2000)	6,306,431 [July 28, 2015]
Synera	United States	LIDO/TET-SYNERA-4-US	09/545,495 (4/7/2000)	6,340,472 [July 28, 2015]
Synera Manufacture	United States	LIDO/TET-SYNERA/PROCESS-US	09/347,963 (7/6/1999)	6,453,648 [July 6, 2019]
Synera	United States	LIDO/TET-SYNERA-5-US	09/545,496 (4/7/2000)	6,465,006 [July 28, 2015]
Pliaglis	United States	LIDO/TET-PLIAGLIS-US	09/407,720 (9/28/1999)	6,528,086 [Sept 28, 2019]
Synera	United States	LIDO/TET-SYNERA-6-US	09/317,372 (5/24/1999)	6,546,281 [July 28, 2015]
Testosterone Patch	United States	TESTOSTERONE-PATCH-US	09/317,313 (5/24/1999)	6,726,673 [May 24, 2019]
Drug Depot	United States	DRUG-DEPOT-1-US	09/878,558 (6/11/2001)	6,756,053 [Oct 26, 2015]
Synera	United States	LIDO/TET-SYNERA-7-US	10/307,091 (11/27/2002)	6,780,426 [July 28, 2015]
Drug Depot	United States	DRUG-DEPOT-2-US	09/796,250 (2/28/2001)	6,955,819 [July 26, 2022]
Drug Depot	United States	DRUG-DEPOT-3-US	10/208,662 (7/30/2002)	7,094,228 [Sept 3, 2023]
Durapeel	United States	DRUG-DURAPEEL-US	11/146,917 (6/6/2005)	
Durapeel	United States	INFECT-DURAPEEL-US-CIP	11/640,101 (12/14/2006)	
Durapeel	United States	DRUG2VOL-DURAPEEL-US-CIP	11/640,117 (12/14/2006)	
Durapeel	United States	PAIN-DURAPEEL-US-CIP	11/640,139 (12/14/2006)	
Durapeel	United States	DERM-DURAPEEL-US-CIP	11/640,140 (12/14/2006)	

Platform or Product	Country	Internal File #	Application No. (Filing Date)	Patent No. [Anticipated Expiry Date]
Durapeel	United States	DRUG2POLYMER-DURAPEEL-US-CIP	11/640,444 (12/14/2006)	
Durapeel	United States	DRUG2NONVOL-DURAPEEL-US-CIP	11/640,445 (12/14/2006)	
Durapeel	United States	DRUG/FLUX-DURAPEEL-US	11/796,145 (4/25/2007)	
Alprazolam	United States	ALPRAZOLAM-PATCH-US	12/340,246 (12/19/2008)	
Synera (myofascial)	United States	LIDO/TET-SYNERA-METHOD-1-US	12/752,384 (4/1/2010)	
Flexicaine (method)	United States	LIDO/TET-FLEXICAINE-1-US	12/652,502 (1/5/2010)	
Durapeel	United States	METHOD/FLUX-DURAPEEL-US-CIP-DIV	12/761,540 (4/16/2010)	
Synera (tendinopathy)	United States	LIDO/TET-SYNERA-METHOD-2-US	12/773,239 (5/4/2010)	
Flexicaine (composition)	United States	LIDO/TET-FLEXICAINE-2-US	13/006,780 (1/14/2011)	
Synera (tendinopathy)	United States	LIDO/TET-SYNERA-METHOD-2-US-CIP	13/049,650 (3/16/2011)	
Dermatitis (TAC Durapeel)	United States	TAC-DURAPEEL-PROV	61/332,157 (5/6/2010)	
Flexicaine (method)	International (WIPO)	LIDO/TET-FLEXICAINE-1-PCT	PCT/US2010/020255 (1/6/2010)	
Flexicaine (method)	Australia	LIDO/TET-FLEXICAINE-1-PCT-AU	2010203710 (1/6/2010)	
Flexicaine (method)	Canada	LIDO/TET-FLEXICAINE-1-PCT-CA	2,749,084 (1/6/2010)	
Flexicaine (method)	China	LIDO/TET-FLEXICAINE-1-PCT-CN	201080008641.1 (1/6/2010)	
Flexicaine (method)	Europe	LIDO/TET-FLEXICAINE-1-PCT-EP	10729463.9 (1/6/2010)	
Flexicaine (method)	Japan	LIDO/TET-FLEXICAINE-1-PCT-JP	2011-544676 (1/6/2010)	
Flexicaine (method)	Russia	LIDO/TET-FLEXICAINE-1-PCT-RU	2011133036 (1/6/2010)	
Flexicaine (method)	Argentina	LIDO/TET-FLEXICAINE-1-PCT-AR	2011 01 02607 (1/6/2010)	
Dermatitis (TAC Durapeel)	International (WIPO)	TAC-DURAPEEL-PCT	PCT/US2011/035216 (May 4, 2011)	

Platform or Product	Country	Internal File #	Application No. (Filing Date)	Patent No. [Anticipated Expiry Date]
Synera (myofascial pain)	International (WIPO)	LIDO/TET-SYNERA-METHOD-1-PCT	PCT/US2010/029580 (4/1/2010)	
Synera (myofascial pain)	Canada	LIDO/TET-SYNERA-METHOD-1-PCT-CA	2,757,302 (4/1/2010)	
Synera (myofascial pain)	Europe	LIDO/TET-SYNERA-METHOD-1-PCT-EP	10759386.5 (4/1/2010)	
Synera (Patellar Tendinopathy)	International (WIPO)	LIDO/TET-SYNERA-METHOD-2-PCT	PCT/US2010/033538 (5/4/2010)	
Synera (Patellar Tendinopathy)	Australia	LIDO/TET-SYNERA-METHOD-2-PCT-AU	2010246064 (5/4/2010)	
Synera (Patellar Tendinopathy)	Brazil	LIDO/TET-SYNERA-METHOD-2-PCT-BR	Application no. TBA (5/4/2010)	
Synera (Patellar Tendinopathy)	Chile	LIDO/TET-SYNERA-METHOD-2-PCT-CL	2692-2011 (5/4/2010)	
Synera (Patellar Tendinopathy)	Europe	LIDO/TET-SYNERA-METHOD-2-PCT-EP	10772692.9 (5/4/2010)	
Synera (Patellar Tendinopathy)	China	LIDO/TET-SYNERA-METHOD-2-PCT-CN	201080019942.4 (5/4/2010)	
Synera (Patellar Tendinopathy)	Japan	LIDO/TET-SYNERA-METHOD-2-PCT-JP	2012-508825 (5/4/2010)	
Synera (Patellar Tendinopathy)	Mexico	LIDO/TET-SYNERA-METHOD-2-PCT-MX	MX/a/2011/011698 (5/4/2010)	
Flexicaine (composition)	International (WIPO)	LIDO/TET-FLEXICAINE-2-PCT	PCT/US2011/021318 (1/14/2011)	
Durapeel	Australia	PAIN-DURAPEEL-PCT-AU	2006326018 (12/14/2006)	
Durapeel	Australia	DERM-DURAPEEL-PCT-AU	2006326388 (12/14/2006)	
Synera	Canada	LIDO/TET-SYNERA-PCT-CA	2,228,137 (7/26/1996)	2,228,137 [July 26, 2016]
Synera (3-way- separation)	Canada	LIDO/TET-SYNERA-3-WAY-PCT-CA	2,345,492 (9/29/1999)	2,345,492 [Sept 29, 2019]
Pliaglis	Canada	LIDO/TET-PLIAGLIS-PCT-CA	2,386,017 (9/27/2000)	2,386,017 [Sept 27, 2020]

Platform or Product	Country	Internal File #	Application No. (Filing Date)	Patent No. [Anticipated Expiry Date]
Synera Pliaglis	Canada	LIDO/TET-SYNERA/PLIAGLIS-CA	2,408,585 (7/26/1996)	2,408,585 [July 26, 2016]
Durapeel (operable solubility)	Canada	DRUG-DURAPEEL-PCT-CA	2,569,121 (6/7/2005)	
Durapeel (dermatitis)	Canada	DERM-DURAPEEL-PCT-CA	2,633,489 (12/14/2006)	
Durapeel	Canada	PAIN-DURAPEEL-PCT-CA	2,633,515 (12/14/2006)	2,633,515 [Dec 14, 2026]
Durapeel	Canada	PLACEBO/VIRAL-DURAPEEL-PCT-CA-DIV	2,747,845 (12/14/2006)	(allowed)
Synera Method (Patellar Tendinopathy)	Canada	LIDO/TET-SYNERA-METHOD-2-CA	2,734,300 (3/16/2011)	
Synera	China	LIDO/TET-SYNERA-PCT-CN	96197224.6 (7/26/1996)	ZL 96197224.6 [July 26, 2016]
Synera Pliaglis	China	LIDO/TET-SYNERA/PLIAGLIS-PCT-CN-DIV	200410048845.4 (7/26/1996)	ZL 200410048845.4 [July 26, 2016]
Synera	China	LIDO/TET-SYNERA-3-WAY-PCT-CN	99813750.2 (9/29/1999)	ZL 99813750.2 [Sept 29, 2019]
Pliaglis	China	LIDO/TET-PLIAGLIS-PCT-CN	00813501 (9/27/2000)	ZL 00813501.0 [Sept 27, 2000]
Synera (3-way- system)	China	LIDO/TET-SYNERA-3-WAY-PCT-CN-DIV	200610090827.1 (9/29/1999)	
Pliaglis	China	LIDO/TET-PLIAGLIS-PCT-CN-DIV	200810003038.9 (9/27/2000)	
Durapeel	China	DRUG/FLUX-DURAPEEL-PCT-CN	200680051627.3 (12/14/2006)	
Durapeel	China	DRUG/FLUX-DURAPEEL-PCT-CN-DIV	Application no. TBA (12/14/2006)	
Durapeel	China	PAIN-DURAPEEL-PCT-CN	200680051992.4 (12/14/2006)	
Durapeel	China	DERM-DURAPEEL-PCT-CN	200680052577 (12/14/2006)	
Durapeel	China	DRUG2VOL/NON/POL-DURAPEEL-PCT-CN	200680052642.X (12/14/2006)	
Synera	Europe	LIDO/TET-SYNERA-PCT-EP-DIV	10185284.6 (7/26/1996)	
Synera	Hong Kong	LIDO/TET-SYNERA-PCT-EP-DIV-HK	11107918.1 (7/26/1996)	
Synera (3-way- system)	Europe	LIDO/TET-SYNERA-3-WAY-PCT-EP	99951669.3 (9/29/1999)	

Platform or Product	Country	Internal File #	Application No. (Filing Date)	Patent No. [Anticipated Expiry Date]
Pliaglis	Europe	LIDO/TET-PLIAGLIS-PCT-EP-DIV	06014222.1 (9/27/2000)	
Durapeel	Europe	DRUG-DURAPEEL-PCT-EP	05760457.1 (6/7/2005)	
Durapeel	Europe	DERM-DURAPEEL-PCT-EP	06847657.1 (12/14/2006)	
Durapeel	Europe	PAIN-DURAPEEL-PCT-EP	06848632.3 (12/14/2006)	
Alprazolam	Europe	ALPRAZOLAM-PATCH-PCT-EP	08867159.9 (12/19/2008)	
Synera Pliaglis	Austria	LIDO/TET-SYNERA/PLIAGLIS-PCT-EP-AT	96926140.3 (7/26/1996)	0857047 [July 26, 2016]
Pliaglis	Austria	LIDO/TET-PLIAGLIS-PCT-EP-AT	966921.9 (9/27/2000)	1244401 [Sept 27, 2020]
Synera Pliaglis	Belgium	LIDO/TET-SYNERA/PLIAGLIS-PCT-EP-BE	96926140.3 (7/26/1996)	0857047 [July 26, 2016]
Pliaglis	Belgium	LIDO/TET-PLIAGLIS-PCT-EP-BE	966921.9 (9/27/2000)	1244401 [Sept 27, 2020]
Pliaglis	Cyprus	LIDO/TET-PLIAGLIS-PCT-EP-CY	966921.9 (9/27/2000)	1244401 [Sept 27, 2020]
Pliaglis	Denmark	LIDO/TET-PLIAGLIS-PCT-EP-DK	966921.9 (9/27/2000)	1244401 [Sept 27, 2020]
Pliaglis	Finland	LIDO/TET-PLIAGLIS-PCT-EP-FI	966921.9 (9/27/2000)	1244401 [Sept 27, 2020]
Synera Pliaglis	France	LIDO/TET-SYNERA/PLIAGLIS-PCT-EP-FR	96926140.3 (7/26/1996)	0857047 [July 26, 2016]
Synera (manufacture)	France	LIDO/TET-SYNERA/PROCESS-PCT-EP-FR	943313.7 (6/29/2000)	1204388 [June 29, 2020]
Pliaglis	France	LIDO/TET-PLIAGLIS-PCT-EP-FR	966921.9 (9/27/2000)	1244401 [Sept 27, 2020]
Synera Pliaglis	Germany	LIDO/TET-SYNERA/PLIAGLIS-PCT-EP-DE	96926140.3 (7/26/1996)	0857047 [July 26, 2016]
Synera (manufacture)	Germany	LIDO/TET-SYNERA/PROCESS-PCT-EP-DE	943313.7 (6/29/2000)	1204388 [June 29, 2020]
Pliaglis	Germany	LIDO/TET-PLIAGLIS-PCT-EP-DE	966921.9 (9/27/2000)	1244401 [Sept 27, 2020]
Pliaglis	Greece	LIDO/TET-PLIAGLIS-PCT-EP-GR	966921.9 (9/27/2000)	1244401 [Sept 27, 2020]
Pliaglis	Ireland	LIDO/TET-PLIAGLIS-PCT-EP-IE	966921.9 (9/27/2000)	1244401 [Sept 27, 2020]

Platform or Product	Country	Internal File #	Application No. (Filing Date)	Patent No. [Anticipated Expiry Date]
Synera Pliaglis	Italy	LIDO/TET-SYNERA/PLIAGLIS-PCT-EP-IT	96926140.3 (7/26/1996)	0857047 [July 26, 2016]
Synera (manufacture)	Italy	LIDO/TET-SYNERA/PROCESS-PCT-EP-IT	943313.7 (6/29/2000)	1204388 [June 29, 2020]
Pliaglis	Italy	LIDO/TET-PLIAGLIS-PCT-EP-IT	966921.9 (9/27/2000)	1244401 [Sept 27, 2020]
Pliaglis	Luxembourg	LIDO/TET-PLIAGLIS-PCT-EP-LU	966921.9 (9/27/2000)	1244401 [Sept 27, 2020]
Pliaglis	Monaco	LIDO/TET-PLIAGLIS-PCT-EP-MC	966921.9 (9/27/2000)	1244401 [Sept 27, 2020]
Synera Pliaglis	Netherlands	LIDO/TET-SYNERA/PLIAGLIS-PCT-EP-NL	96926140.3 (7/26/1996)	0857047 [July 26, 2016]
Pliaglis	Netherlands	LIDO/TET-PLIAGLIS-PCT-EP-NL	966921.9 (9/27/2000)	1244401 [Sept 27, 2020]
Pliaglis	Portugal	LIDO/TET-PLIAGLIS-PCT-EP-PT	966921.9 (9/27/2000)	1244401 [Sept 27, 2020]
Synera Pliaglis	Spain	LIDO/TET-SYNERA/PLIAGLIS-PCT-EP-ES	96926140.3 (7/26/1996)	0857047 [July 26, 2016]
Synera (manufacture)	Spain	LIDO/TET-SYNERA/PROCESS-PCT-EP-ES	943313.7 (6/29/2000)	1204388 [June 29, 2020]
Pliaglis	Spain	LIDO/TET-PLIAGLIS-PCT-EP-ES	966921.9 (9/27/2000)	1244401 [Sept 27, 2020]
Synera Pliaglis	Sweden	LIDO/TET-SYNERA/PLIAGLIS-PCT-EP-SE	96926140.3 (7/26/1996)	0857047 [July 26, 2016]
Pliaglis	Sweden	LIDO/TET-PLIAGLIS-PCT-EP-SE	966921.9 (9/27/2000)	1244401 [Sept 27, 2020]
Synera Pliaglis	Switzerland	LIDO/TET-SYNERA/PLIAGLIS-PCT-EP-CH	96926140.3 (7/26/1996)	0857047 [July 26, 2016]
Pliaglis	Switzerland	LIDO/TET-PLIAGLIS-PCT-EP-CH	966921.9 (9/27/2000)	1244401 [Sept 27, 2020]
Synera Pliaglis	United Kingdom	LIDO/TET-SYNERA/PLIAGLIS-PCT-EP-GB	96926140.3 (7/26/1996)	0857047 [July 26, 2016]
Synera (manufacture)	United Kingdom	LIDO/TET-SYNERA/PROCESS-PCT-EP-GB	943313.7 (6/29/2000)	1204388 [June 29, 2020]
Pliaglis	United Kingdom	LIDO/TET-PLIAGLIS-PCT-EP-GB	966921.9 (9/27/2000)	1244401 [Sept 27, 2020]
Pliaglis	Japan	LIDO/TET-PLIAGLIS-PCT-JP-DIV	2006-316632 (11/24/2006)	
Pliaglis	Japan	LIDO/TET-PLIAGLIS-PCT-JP-DIV-2	2007-140999 (5/28/2007)	

Platform or Product	Country	Internal File #	Application No. (Filing Date)	Patent No. [Anticipated Expiry Date]
Durapeel	Japan	DRUG-DURAPEEL-PCT-JP	2007-527680 (6/7/2005)	
Durapeel	Japan	DERM-DURAPEEL-PCT-JP	2008-545816 (12/14/2006)	
Durapeel	Japan	PAIN-DURAPEEL-PCT-JP	2008-545844 (12/14/2006)	
Alprazolam	Japan	ALPRAZOLAM-PATCH-PCT-JP	2010-539885 (12/19/2008)	
Durapeel	India	PAIN-DURAPEEL-PCT-IN	1485/MUMNP/2008 (12/14/2006)	
Durapeel	India	DERM-DURAPEEL-PCT-IN	1486/MUMNP/2008 (12/14/2006)	
Durapeel (operable solubility)	Australia	DRUG-DURAPEEL-PCT-AU	2005251805 (6/7/2005)	(allowed)

OWNED TRADEMARKS

Trademark	Country	Internal File #	Application No. (Filing Date)	Registration No. (Registration Date)
DIMETHAID	Canada	DIMETHAID-CA	517818 (Feb 29, 1984)	TMA308674 (29/11/1985)
NUVO RESEARCH	Canada	NUVO-RESEARCH-CA	1259969 (03/06/2005)	TMA715244 (26/05/2008)
PENNSAID (design)	Canada	PENNSAID-DESIGN-CA	1122577 (19/11/2001)	TMA606275 (25/03/2004)
PENNSAID	Canada	PENNSAID-CA	804021 (09/02/1996)	TMA504587 (25/11/1998)
PENNSAID	United States	PENNSAID-US	77/358483 (21/12/2007)	3556292 (06/01/2009)
PENNSAID	Europe	PENNSAID-EP	556506 (22/05/1997)	000556506 (02/03/1999)
PENNSAID	United Kingdom	PENNSAID-GB	2119722 (03/01/1997)	2119722 (27/06/1997)
PENNSAID	Ireland	PENNSAID-IE	97/3400 (16/09/1997)	208561 (16/09/1997)
PENNSAID	South Africa	PENNSAID-ZA	97/14048 (15/09/1997)	97/14048 (15/09/1997)
PENNSAID PLUS	Canada	PENNSAID-PLUS-CA	1,429,889 (05/03/2009)	(allowed)

Trademark	Country	Internal File #	Application No. (Filing Date)	Registration No. (Registration Date)
ZARS (in class 5)	United States	ZARS-5-US	75/667,400 (3/24/1999)	2,502,563 (30-Oct-2001)
CHADD (in class 10)	United States	CHAD-10-US	75/667,467 (3/24/1999)	2,505,086 (06-Nov-2001)
DURAPEEL	United States	DURAPEEL-US	78/515,571 (11/11/2004)	3,406,582 (01-Apr-2008)
THERMOPROFEN	United States	THERMOPROFEN-US	78/515,587 (11/11/2004)	3,410,346 (08-Apr-2008)
SYNERA	United States	SYNERA-US	78/632,294 (5/18/2005)	3,231,128 (17-Apr-2007)
ZARS	United States	ZARS-US	78/928,766 (7/13/2006)	3,915,216 (01-Feb-2011)
ZARS PHARMA (design)	United States	ZARS-PHARMA-STYLIZED- US	78/928,933 (7/13/2006)	3,915,217 (01-Feb-2011)
SYNERA (design)	United States	SYNERA-&-DESIGN-US	76/667,214 (10/10/2006)	3,296,134 (25-Sep-2007)
BRAVERY OPTIONAL	United States	BRAVERY-US	76/672,963 (2/21/2007)	3,537,479 (25-Nov-2008)
SYNERA	Australia	SYNERA-AU	1084329 (11/4/2005)	1084329 (05-Feb-2007)
ZARS	Australia	ZARS-AU	1154995 (1/3/2007)	1154995 (14-Jun-2007)
ZARS PHARMA	Australia	ZARS-PHARMA-AU	1154996 (1/3/2007)	1154996 (14-Jun-2007)
SYNERA	Brazil	SYNERA-BR	827945620 (11/11/2005)	827945620 (11-Aug-2009)
SYNERA	Canada	SYNERA-CA	1,333,367 (1/31/07)	710,627 (01-Apr-2008)
SYNERA (design)	Canada	SYNERA-&-DESIGN-CA	1,333,372 (1/31/07)	721,527 (21-Aug-2008)
ZARS	Europe	ZARS-EP	1279306 (8/16/1999)	1279306 (27-Nov-2000)
CHADD	Europe	CHADD-EP	1279314 (8/16/1999)	1279314 (18-Oct-2000)
SYNERA	Europe	SYNERA-EP	4531901 (8/3/2005)	4531901 (03-Jul-2007)
ANGLAZE	Europe	ANGLAZE-EP	5274188 (8/24/2006)	5274188 (04-Jul-2007)

Trademark	Country	Internal File #	Application No. (Filing Date)	Registration No. (Registration Date)
ANEGLAZE	Europe	ANEGLAZE-EP	5274221 (8/24/2006)	5274221 (06-Jul-2007)
THERMOPROFEN	Europe	THERMOPROFEN-EP	5410733 (10/24/2006)	5410733 (10-Oct-2007)
ZARS	Europe	ZARS-EP	5599345 (1/5/2007)	5599345 (15-Jan-2008)
ZARS PHARMA	Europe	ZARS-PHARMA-EP	5599411 (1/5/2007)	5599411 (15-Jan-2008)
SYNERA	India	SYNERA-IN	1399620 (11/17/2005)	1399620 (21-Jan-2008)
ZARS PHARMA	India	ZARS-PHARMA-IN	1517200 (1/3/2007)	1517200 (27-Dec-2010)
ZARS	India	ZARS-IN	1517201 (1/3/2007)	1517201 (27-Dec-2010)
SYNERA	Japan	SYNERA-JP	105067 (11/9/2005)	5005696 (24-Nov-2006)
SYNERA	Mexico	SYNERA-MX	748868 (11/4/2005)	930189 (24-Apr-2006)
SYNERA (design)	Mexico	SYNERA-&-DESIGN-MX-1	847672 (4/10/2007)	1034792 (15-Apr-2008)
SYNERA (design)	Mexico	SYNERA-&-DESIGN-MX-2	862028 (6/15/2007)	998673 (20-Aug-2007)
PRE-CEDURAL PAIN PATCH	Mexico	PRE-CEDURAL-MX	871351 (7/26/2007)	1001726 (13-Sep-2007)
BRAVERY OPTIONAL	Mexico	BRAVERY-MX	871353 (7/26/2007)	1003060 (19-Sep-2007)
SYNERA	Switzerland	SYNERA-CH	59057/2005 (11/4/2005)	541617 (24-Jan-2006)
CHADD	Japan	CHADD-JP	79985/1999 (9/3/1999)	4473863 (11-May-2001)

SCHEDULE 4.1

Special Power of Attorney

Date:

To: Paladin Labs. Inc.
("Paladin")

From: Nuvo Research Inc.
(the "Donor")

For value received, the Donor hereby irrevocably appoints the person from time to time holding the office of officer or director of Paladin and being so appointed as attorney for the Donor by Paladin, with the full power of substitution and delegation, as the Donor's lawful attorney (the "Attorney") in accordance with the *Powers of Attorney Act*,

- (a) to execute, deliver and register for and on behalf of the Donor all assignments, transfers, instruments, registrations, recordings, reissues, renewals, continuations, other extensions, certificates and other documents that in the opinion of Paladin are necessary or expedient for the purpose of assigning, selling or otherwise disposing of the whole or any part of the right, title and interest of the Donor in and to any letters patent or patent applications in Canada or the United States;
- (b) to execute, deliver and register for and on behalf of the Donor all assignments, transfers, instruments, registrations, recordings, reissues, renewals, continuations, other extensions, certificates and other documents that in the opinion of Paladin are necessary or expedient for the purpose of assigning, selling or otherwise disposing of the whole or any part of the right, title and interest of the Donor in and to any trademarks (including any goodwill symbolized by or associated with any trademark) in Canada or the United States;
- (c) to do anything that the Donor may lawfully do by an attorney that in the opinion of the Attorney is necessary and advisable in connection with the foregoing.

The following are terms, conditions and restrictions of this Power of Attorney:

1. In accordance with the *Powers of Attorney Act*, the Donor declares that this Power of Attorney may be exercised during any subsequent legal incapacity of the Donor.
2. This Power of Attorney shall be deemed to be a power coupled with an interest in the subject matter of the Power.
3. This Power of Attorney is made under and in accordance with the terms and conditions of a general security agreement between the Donor and Paladin dated _____, 2012 (the "Security Agreement") and takes effect solely for

[General Security Agreement – Nuvo Research Inc.]

the purposes of that Security Agreement, and is in all respects subject to the terms and conditions of the Security Agreement..

4. This Power of Attorney is irrevocable except with the written consent of Paladin for the duration of the Security Agreement.

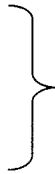
SIGNED, SEALED and DELIVERED, as of the date first written above.

[Name of Donor]

per: _____ c/s
[Authorized Officer]

Affidavit Re Power of Attorney

Canada
Province of _____
Regional Municipality of _____



In the Matter of a Power of
Attorney granted by _____, as
Donor, to _____

I, _____ of the _____ of _____, in the Province of _____ make
oath and say that:

1. I am the _____ of the corporation identified as the Donor in the above
Power of Attorney, and that as such I have personal knowledge of the facts stated
in this Affidavit.
2. The Power of Attorney was signed, sealed and delivered by me under and with
the authority of the Board of Directors of the Donor.

Sworn before me at the _____ of
_____ in the Province of _____,
this _____ day of [*insert date*]:



[*Signature of Deponent*]

[*A commissioner, etc.*]

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[General Security Agreement – Nuvo Research Inc.]