

23/510850.

In accordance with
Sections 859A and
859J of the Companies
Act 2006.

MR01

Particulars of a charge



Companies House



Go online to file this information
www.gov.uk/companieshouse

A fee is payable with this form
Please see 'How to pay' on the last page.

☒ **What this form is for**
You may use this form to register
a charge created or evidenced by
an instrument.

☒ **What this form is NOT for**
You may not use this form to
register a charge where there is no
instrument. Use form MR01

For further information, please
refer to our guidance at:
www.gov.uk/companieshouse

This form **must be delivered to the Registrar for registration**
21 days beginning with the day after the date of creation of the charge.
If delivered outside of the 21 days it will be rejected unless it is accompanied by a
court order extending the time for delivery.



A11 *A87DDD4X* 11/06/2019 #65
COMPANIES HOUSE

You **must** enclose a certified copy of the instrument with this form.
It must be scanned and placed on the public record. **Do not send the original.**

1	Company details	For official use
Company number	0 7 6 2 2 9 8 5	2 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> → Filing in this form Please complete in typescript or in bold black capitals. All fields are mandatory unless specified or indicated by *
Company name in full	MTIX LTD	

2	Charge creation date
Charge creation date	d 2 3 m 0 5 y 2 0 y 1 9

3	Names of persons, security agents or trustees entitled to the charge
Please show the names of each of the persons, security agents or trustees entitled to the charge.	
Name	Dominion Capital LLC (as Agent for the Secured Parties, as defined in the Security Agreement)
Name	
Name	
Name	
If there are more than four names, please supply any four of these names then tick the statement below. <input type="checkbox"/> I confirm that there are more than four persons, security agents or trustees entitled to the charge.	

MR01

Particulars of a charge

4

Brief description

Please give a short description of any land, ship, aircraft or intellectual property registered or required to be registered in the UK subject to a charge (which is not a floating charge) or fixed security included in the instrument.

Brief description

Please submit only a short description. If there are a number of plots of land, aircraft and/or ships, you should simply describe some of them in the text field and add a statement along the lines of, "for more details please refer to the instrument".

Please limit the description to the available space.

5

Other charge or fixed security

Does the instrument include a charge (which is not a floating charge) or fixed security over any tangible or intangible or (in Scotland) corporeal or incorporeal property not described above? Please tick the appropriate box.

☐ Yes

☒ No

6

Floating charge

Is the instrument expressed to contain a floating charge? Please tick the appropriate box.

☒ Yes Continue

☐ No Go to **Section 7**

Is the floating charge expressed to cover all the property and undertaking of the company?

☒ Yes

7

Negative Pledge

Do any of the terms of the charge prohibit or restrict the company from creating further security that will rank equally with or ahead of the charge? Please tick the appropriate box.

☒ Yes

☐ No

8

Trustee statement ^①

You may tick the box if the company named in Section 1 is acting as trustee of the property or undertaking which is the subject of the charge.

☒

^① This statement may be filed after the registration of the charge (use form MR06).

9

Signature

Please sign the form here.

Signature

Signature

X

Bates, Wills, Brindley

X

This form must be signed by a person with an interest in the charge.

**Presenter information**

You do not have to give any contact information, but if you do, it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Edward Slegg

Company name Bates Wells Braithwaite

Address 10 Queen Street Place

Post town London

County/Region

Postcode E C 4 R 1 B E

Country United Kingdom

DX DX 42609 (Cheapside 1)

Telephone 020 7551 7929

**Certificate**

We will send your certificate to the presenter's address if given above or to the company's Registered Office if you have left the presenter's information blank.

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have included a certified copy of the instrument with this form.
- ☐ You have entered the date on which the charge was created.
- ☐ You have shown the names of persons entitled to the charge.
- ☐ You have ticked any appropriate boxes in Sections 3, 5, 6, 7 & 8.
- ☐ You have given a description in Section 4, if appropriate.
- ☐ You have signed the form.
- ☐ You have enclosed the correct fee.
- ☐ Please do not send the original instrument; it must be a certified copy.

**Important information**

Please note that all information on this form will appear on the public record.

**How to pay**

A fee of £23 is payable to Companies House in respect of each mortgage or charge filed on paper.

Make cheques or postal orders payable to 'Companies House.'

**Where to send**

You may return this form to any Companies House address. However, for expediency, we advise you to return it to the appropriate address below:

For companies registered in England and Wales:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

For companies registered in Scotland:

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

For companies registered in Northern Ireland:

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.

**Further information**

For further information, please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



FILE COPY

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 7622985

Charge code: 0762 2985 0002

The Registrar of Companies for England and Wales hereby certifies that a charge dated 23rd May 2019 and created by MTIX LTD was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 11th June 2019.

Lx

Given at Companies House, Cardiff on 14th June 2019



Companies House



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**

SECURITY AGREEMENT

FORM OF ADDITIONAL DEBTOR JOINDER

Security Agreement dated as of April 11, 2019 made by Avalanche International, Corp. and its subsidiaries party thereto from time to time, as Debtors to and in favor of the Secured Parties identified therein (the "Security Agreement").

Reference is made to the Security Agreement as defined above; capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in, or by reference in, the Security Agreement.

The undersigned hereby agree that, upon delivery of this Additional Debtor Joinder to the Secured Parties referred to above, the undersigned shall (a) be an Additional Debtor under the Security Agreement, (b) have all the rights and obligations of the Debtors under the Security Agreement as fully and to the same extent as if the undersigned were an original signatory thereto and (c) be deemed to have made the representations and warranties set forth therein as of the date of execution and delivery of this Additional Debtor Joinder. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE UNDERSIGNED SPECIFICALLY GRANTS TO THE SECURED PARTIES A SECURITY INTEREST IN THE COLLATERAL AS MORE FULLY SET FORTH IN THE SECURITY AGREEMENT AND ACKNOWLEDGES AND AGREES TO THE WAIVER OF JURY TRIAL PROVISIONS SET FORTH THEREIN.

Attached hereto are supplemental and/or replacement Disclosure Schedules to the Security Agreement, as applicable.

An executed copy of this Joinder shall be delivered to the Secured Parties, and the Secured Parties may rely on the matters set forth herein on or after the date hereof. This Joinder shall not be modified, amended or terminated without the prior written consent of the Secured Parties.

IN WITNESS WHEREOF, the undersigned has caused this Joinder to be executed as a deed in the name and on behalf of the undersigned:

AVALANCHE INTERNATIONAL, CORP.

By: _____

Name:
Title:
Address:
Dated:

CERTIFIED

To be a true and complete copy of the original

Signature: Bates Wells Braithwaite LLP
A Solicitor
Full Name: B. Keown
Date: 14 June 19
Bates Wells & Braithwaite London LLP
10 Queen Street Place
London EC4R 1BE

DOMINION CAPITAL LLC

By: [Signature] (Authorised signatory)

Name: Michael Gurevich
Title: managing member
Address: 256 W 38th St 1502 Fl New York NY 10018
Dated: 5/23/2019

SIGNED by)
duly authorised for and on behalf of)
MTIX LTD) Director

Signature of witness

Name (BLOCK CAPITALS)

Address

.....

.....

.....

Occupation

SECURITY AGREEMENT

FORM OF ADDITIONAL DEBTOR JOINDER

Security Agreement dated as of April 11, 2019 made by Avalanche International, Corp. and its subsidiaries party thereto from time to time, as Debtors to and in favor of the Secured Parties identified therein (the "Security Agreement").

Reference is made to the Security Agreement as defined above; capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in, or by reference in, the Security Agreement.

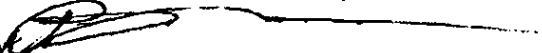
The undersigned hereby agree that, upon delivery of this Additional Debtor Joinder to the Secured Parties referred to above, the undersigned shall (a) be an Additional Debtor under the Security Agreement, (b) have all the rights and obligations of the Debtors under the Security Agreement as fully and to the same extent as if the undersigned were an original signatory thereto and (c) be deemed to have made the representations and warranties set forth therein as of the date of execution and delivery of this Additional Debtor Joinder. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE UNDERSIGNED SPECIFICALLY GRANTS TO THE SECURED PARTIES A SECURITY INTEREST IN THE COLLATERAL AS MORE FULLY SET FORTH IN THE SECURITY AGREEMENT AND ACKNOWLEDGES AND AGREES TO THE WAIVER OF JURY TRIAL PROVISIONS SET FORTH THEREIN.

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An executed copy of this Joinder shall be delivered to the Secured Parties, and the Secured Parties may rely on the matters set forth herein on or after the date hereof. This Joinder shall not be modified, amended or terminated without the prior written consent of the Secured Parties.

IN WITNESS WHEREOF, the undersigned has caused this Joinder to be executed as a deed in the name and on behalf of the undersigned:

AVALANCHE INTERNATIONAL, CORP.

By: 

Name: Philip E Mambour

Title: CEO

Address: 2449 South Main St. 1300, Salt Lake City, Utah 84111

Dated: 5/1/2019

DOMINION CAPITAL LLC

By: _____ (Authorised signatory)

Name:

Title:

Address:

Dated:

SIGNED by PRAVIN MISTRY)

duly authorised for and on behalf of)

MTIX LTD)

Director

Signature of witness

Name (BLOCK CAPITALS)

Address

Occupation

[Signature]

PAULA MCCABE

11-15 BEAST MARKET

HUDDERSFIELD

HD1 1QF

ASSISTANT

CERTIFIED TRUE COPY

SECURITY AGREEMENT

This SECURITY AGREEMENT, dated as of April 11, 2019 (this "Agreement"), is by and among Avalanche International, Corp., a Nevada corporation (the "Company"), all of the Subsidiaries and/or Affiliates of the Company listed on the signature page hereto (such affiliated entities, the "Guarantors" and, together with the Company, the "Debtors") and the holder of the Company's 10% Senior Secured Convertible Promissory Notes due April 11, 2020, in the aggregate principal amount of up to \$2,750,000.00 (the "Notes"), signatories hereto, and their respective endorsees, transferees and assigns (collectively, the "Secured Parties").

WITNESSETH:

WHEREAS, pursuant to the Purchase Agreement (as defined in the Notes), the Secured Parties have severally agreed to provide the loans to the Company evidenced by the Notes;

WHEREAS, pursuant to a certain Guaranty (as defined in the Purchase Agreement), dated as of the date hereof (the "Guaranty"), the Guarantors have jointly and severally agreed to guarantee and act as surety for payment of such Notes; and

WHEREAS, in order to induce the Secured Parties to provide the loans evidenced by the Notes, each Debtor has agreed to execute and deliver to the Secured Parties this Agreement and to grant the Secured Parties, pari passu with each other Secured Party and through the Agent (as defined in Section 18 hereof), a security interest in certain property of such Debtor to secure the prompt payment, performance and discharge in full of all of the Company's obligations under the Notes and the Guarantors' obligations under the Guaranty.

NOW, THEREFORE, in consideration of the agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. **Certain Definitions.** As used in this Agreement, the following terms shall have the meanings set forth in this Section 1. Terms used but not otherwise defined in this Agreement that are defined in Article 9 of the UCC (such as "account", "chattel paper", "commercial tort claim", "deposit account", "document", "equipment", "fixtures", "general intangibles", "goods", "instruments", "inventory", "investment property", "letter-of-credit rights", "proceeds" and "supporting obligations") shall have the respective meanings given such terms in Article 9 of the UCC.

(a) "Collateral" means the collateral in which the Secured Parties are granted a security interest by this Agreement and which shall comprise all the assets of the Debtors, including, without limitation, the following personal property of the Debtors, whether presently owned or existing or hereafter acquired or coming into existence, wherever situated, and all additions and accessions thereto and all substitutions and replacements thereof, and all proceeds, products and accounts thereof, including, without limitation, all proceeds from the sale or transfer of the Collateral and of insurance covering the same and of any tort claims in connection therewith, and all dividends, interest, cash, notes, securities, equity interest or other property at any time and from time to time acquired, receivable or otherwise distributed in respect of, or in exchange for, any or all of the Pledged Securities (as defined below):

(i) All goods, including, without limitation, (A) all machinery, equipment, computers, motor vehicles, trucks, tanks, boats, ships, appliances, furniture, special and general tools, fixtures, test and quality control devices and other equipment of every kind and nature and wherever situated, together with all documents of title and documents representing the same, all additions and accessions thereto, replacements therefor, all parts therefor, and all substitutes for any of the foregoing and all other items used and useful in connection with any Debtor's businesses and all improvements thereto; and (B) all inventory;

(ii) All contract rights and other general intangibles, including, without limitation, all partnership interests, membership interests, stock or other securities of the Debtors, rights under any of the Organizational Documents (as defined below), agreements related to the Pledged Securities, licenses, distribution and other agreements, computer software (whether "off-the-shelf", licensed from any third party or developed by any Debtor), computer software development rights, leases, franchises, customer lists, quality control procedures, grants and rights, goodwill, Intellectual Property and income tax refunds;

(iii) All accounts, together with all instruments, all documents of title representing any of the foregoing, all rights in any merchandising, goods, equipment, motor vehicles and trucks which any of the same may represent, and all right, title, security and guaranties with respect to each account, including any right of stoppage in transit;

(iv) All documents, letter-of-credit rights, instruments and chattel paper;

(v) All commercial tort claims;

(vi) All deposit accounts and all cash (whether or not deposited in such deposit accounts);

(vii) All investment property;

(viii) All supporting obligations;

(ix) All files, records, books of account, business papers, and computer programs; and

(x) the products and proceeds of all of the foregoing Collateral set forth in clauses (i)-(ix) above.

Without limiting the generality of the foregoing, the "Collateral" shall include all investment property and general intangibles respecting ownership and/or other equity interests in each Guarantor, including, without limitation, the shares of capital stock and the other equity interests listed on Schedule G hereto (as the same may be modified from time to time pursuant to the terms hereof), and any other shares of capital stock and/or other equity interests of any other direct or indirect subsidiary of any Debtor obtained in the future, and, in each case, all certificates representing such shares and/or equity interests and, in each case, all rights, options, warrants, stock, other securities and/or equity interests that may hereafter be received, receivable or distributed in respect of, or exchanged for, any of the foregoing and all rights arising under or

in connection with the Pledged Securities, including, but not limited to, all dividends, interest and cash.

Notwithstanding the foregoing, nothing herein shall be deemed to constitute an assignment of any asset which, in the event of an assignment, becomes void by operation of applicable law or the assignment of which is otherwise prohibited by applicable law (in each case to the extent that such applicable law is not overridden by Sections 9-406, 9-407 and/or 9.408 of the UCC or other similar applicable law); provided, however, that, to the extent permitted by applicable law, this Agreement shall create a valid security interest in such asset and, to the extent permitted by applicable law, this Agreement shall create a valid security interest in the proceeds of such asset.

(b) “Intellectual Property” means the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including, without limitation, (i) all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the United States Copyright Office, (ii) all letters patent of the United States, any other country or any political subdivision thereof, all reissues and extensions thereof, and all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, (iii) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade dress, service marks, logos, domain names and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and all common law rights related thereto, (iv) all trade secrets arising under the laws of the United States, any other country or any political subdivision thereof, (v) all rights to obtain any reissues, renewals or extensions of the foregoing, (vi) all licenses for any of the foregoing, and (vii) all causes of action for infringement of the foregoing.

(c) “Majority-in-Interest” means, at any time of determination, the majority-in-interest (based on then-outstanding principal amounts of Notes at the time of such determination) of the Secured Parties.

(d) “Necessary Endorsement” means undated stock powers endorsed in blank or other proper instruments of assignment duly executed and such other instruments or documents as the Agent (as that term is defined below) may reasonably request.

(e) “Obligations” means all of the liabilities and obligations (primary, secondary, direct, contingent, sole, joint or several) due or to become due, or that are now or may be hereafter contracted or acquired, or owing to, of any Debtor to the Secured Parties under this Agreement, the Notes, the Guaranty and any other instruments, agreements or other documents executed and/or delivered in connection herewith or therewith, in each case, whether now or hereafter existing, voluntary or involuntary, direct or indirect, absolute or contingent, liquidated

or unliquidated, whether or not jointly owed with others, and whether or not from time to time decreased or extinguished and later increased, created or incurred, and all or any portion of such obligations or liabilities that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from any of the Secured Parties as a preference, fraudulent transfer or otherwise as such obligations may be amended, supplemented, converted, extended or modified from time to time. Without limiting the generality of the foregoing, the term "Obligations" shall include, without limitation: (i) principal of, interest and any other amounts owed under the Notes as set forth in the Notes (ii) any and all obligations due under the Transaction Documents (as defined in the Purchase Agreement); (iii) any and all other fees, indemnities, costs, obligations and liabilities of the Debtors from time to time under or in connection with this Agreement, the Notes, the Transaction Documents, the Guaranty and any other instruments, agreements or other documents executed and/or delivered in connection herewith or therewith; and (iv) all amounts (including but not limited to post-petition interest) in respect of the foregoing that would be payable but for the fact that the obligations to pay such amounts are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving any Debtor.

(f) "Organizational Documents" means, with respect to any Debtor, the documents by which such Debtor was organized (such as articles of incorporation, certificate of incorporation, certificate of limited partnership or articles of organization, and including, without limitation, any certificates of designation for preferred stock or other forms of preferred equity) and which relate to the internal governance of such Debtor (such as bylaws, a partnership agreement or an operating, limited liability or members agreement).

(g) "Permitted Liens" means the following:

(i) liens (as defined in the Purchase Agreement) imposed by law for taxes that are not yet due or are being contested in good faith, which in each case, have been appropriately reserved for;

(ii) Carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days or are being contested in good faith;

(iii) Pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(iv) Deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(v) liens under this Agreement; and

(vi) Any other liens in favor of the Secured Parties.

(h) "Pledged Securities" shall have the meaning ascribed to such term in Section 4(j).

(i) "UCC" shall have the meaning ascribed to such term in the Purchase Agreement. It is the intent of the parties that defined terms in the UCC should be construed in their broadest sense so that the term "Collateral" will be construed in its broadest sense. Accordingly if there are, from time to time, changes to defined terms in the UCC that broaden the definitions, they are incorporated herein and if existing definitions in the UCC are broader than the amended definitions, the existing ones shall be controlling.

2. Grant of Security Interest in Collateral. As an inducement for the Secured Parties to extend the loans as evidenced by the Notes and to secure the complete and timely payment, performance and discharge in full, as the case may be, of all of the Obligations, (a) each Debtor hereby unconditionally and irrevocably pledges, grants and hypothecates to the Secured Parties a perfected, first priority security interest in and to, a lien upon and a right of set-off against all of their respective right, title and interest of whatsoever kind and nature in and to, the Collateral (a "Security Interest" and, collectively, the "Security Interests") and (b) within twenty-one (21) days of the date hereof, the Company agrees that it shall take such steps to cause MTIX Limited to become an additional Guarantor to this Agreement and perfect the Secured Parties' Security Interest in MTIX Limited, and to use its commercially reasonable best efforts in accordance with the laws of England and Wales to cause MTIX Limited to pledge its equity in favor of the Secured Parties.

3. Delivery of Certain Collateral. Contemporaneously or prior to the execution of this Agreement, each Debtor shall deliver or cause to be delivered to the Agent (a) any and all certificates and other instruments representing or evidencing the Pledged Securities, and (b) any and all certificates and other instruments or documents representing any of the other Collateral, in each case, together with all Necessary Endorsements. The Debtors are, contemporaneously with the execution hereof, delivering to Agent, or have previously delivered to Agent, a true and correct copy of each Organizational Document governing any of the Pledged Securities.

4. Representations, Warranties, Covenants and Agreements of the Debtors. Except as set forth under the corresponding Section of the disclosure schedules delivered to the Secured Parties concurrently herewith (the "Disclosure Schedules"), which Disclosure Schedules shall be deemed a part hereof, each Debtor represents and warrants to, and covenants and agrees with, the Secured Parties as follows:

(a) Each Debtor has the requisite corporate, partnership, limited liability company or other power and authority to enter into this Agreement and otherwise to carry out its obligations hereunder. The execution, delivery and performance by each Debtor of this Agreement and the filings contemplated herein have been duly authorized by all necessary action on the part of such Debtor and no further action is required by such Debtor. This Agreement has been duly executed by each Debtor. This Agreement constitutes the legal, valid and binding obligation of each Debtor, enforceable against each Debtor in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization and similar laws of general application relating to or affecting the rights and remedies of creditors and by general principles of equity.

(b) The Debtors have no place of business or offices where their respective books of account and records are kept (other than temporarily at the offices of its attorneys or accountants) or places where Collateral is stored or located, except as set forth on Schedule A attached hereto. Except as specifically set forth on Schedule A, each Debtor is the record owner of the real property where such Collateral is located, and there exist no mortgages or other liens on any such real property except for Permitted Liens as set forth on Schedule A. Except as disclosed on Schedule A, none of such Collateral is in the possession of any consignee, bailee, warehouseman, agent or processor.

(c) Except for Permitted Liens and as set forth on Schedule B attached hereto, the Debtors are the sole owners of the Collateral (except for non-exclusive licenses granted by any Debtor in the ordinary course of business), free and clear of any liens, security interests, encumbrances, rights or claims, and are fully authorized to grant the Security Interests. Except as set forth on Schedule C attached hereto, there is not on file in any governmental or regulatory authority, agency or recording office an effective financing statement, security agreement, license or transfer or any notice of any of the foregoing (other than those that will be filed in favor of the Secured Parties pursuant to this Agreement) covering or affecting any of the Collateral. Except as set forth on Schedule C attached hereto and except pursuant to this Agreement, as long as this Agreement shall be in effect, the Debtors shall not execute and shall not knowingly permit to be on file in any such office or agency any other financing statement or other document or instrument (except to the extent filed or recorded in favor of the Secured Parties pursuant to the terms of this Agreement).

(d) No written claim has been received that any Collateral or any Debtor's use of any Collateral violates the rights of any third party. There has been no adverse decision to any Debtor's claim of ownership rights in or exclusive rights to use the Collateral in any jurisdiction or to any Debtor's right to keep and maintain such Collateral in full force and effect, and there is no proceeding involving said rights pending or, to the best knowledge of any Debtor, threatened before any court, judicial body, administrative or regulatory agency, arbitrator or other governmental authority.

(e) Each Debtor shall at all times maintain its books of account and records relating to the Collateral at its principal place of business and its Collateral at the locations set forth on Schedule A attached hereto and may not relocate such books of account and records or tangible Collateral unless it delivers to the Secured Parties at least thirty (30) days prior to such relocation (i) written notice of such relocation and the new location thereof (which must be within the United States) and (ii) evidence that appropriate financing statements under the UCC and other necessary documents have been filed and recorded and other steps have been taken to perfect the Security Interests to create in favor of the Secured Parties a valid, perfected and continuing perfected first priority lien in the Collateral (to the extent such Collateral can be perfected by the filing of a UCC financing statement).

(f) This Agreement creates in favor of the Secured Parties a valid first priority security interest in the Collateral, subject only to Permitted Liens, securing the payment and performance of the Obligations. Upon making the filings described in the immediately following paragraph, all security interests created hereunder in any Collateral which may be perfected by filing UCC financing statements shall have been duly perfected. Except for (i) the filing of the

UCC financing statements referred to in the immediately following paragraph, (ii) the execution and delivery of deposit account control agreements satisfying the requirements of Section 9-104(a)(2) of the UCC with respect to each deposit account of the Debtors, (iii) if there is any investment property or deposit account included as Collateral that can be perfected by "control" through an account control agreement, the execution and delivery of securities account control agreements satisfying the requirements of 9-106 of the UCC with respect to each such investment property of the Debtors, and (iv) the delivery of the certificates and other instruments provided in Section 3, Section 4(aa) and Section 4(cc), no action is necessary to create, perfect or protect the security interests created hereunder. Without limiting the generality of the foregoing, except for the foregoing, no consent of any third parties and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for (x) the execution, delivery and performance of this Agreement, (y) the creation or perfection of the Security Interests created hereunder in the Collateral (to the extent such Collateral can be perfected by the filing of a UCC financing statement) or (z) the enforcement of the rights of the Agent and the Secured Parties hereunder.

(g) Each Debtor hereby authorizes the Agent to file one or more financing statements under the UCC, with respect to the Security Interests, with the proper filing and recording agencies in any jurisdiction deemed proper by it.

(h) The execution, delivery and performance of this Agreement by the Debtors does not (i) violate any of the provisions of any Organizational Documents of any Debtor or any judgment, decree, order or award of any court, governmental body or arbitrator or any applicable law, rule or regulation applicable to any Debtor or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing any Debtor's debt or otherwise) or other understanding to which any Debtor is a party or by which any property or asset of any Debtor is bound or affected. All required consents (including, without limitation, from stockholders or creditors of any Debtor), if any, for any Debtor to enter into and perform its obligations hereunder have been obtained.

(i) The Pledged Securities (defined below) by their express terms provide that they are securities governed by Article 8 of the UCC.

(j) The capital stock and other equity interests listed on Schedule G hereto (the "Pledged Securities") represent all capital stock and other equity interests owned, directly or indirectly, by the Debtors. All of the Pledged Securities are validly issued, fully paid and nonassessable, and the Company is the legal and beneficial owner of the Pledged Securities, free and clear of any lien, security interest or other encumbrance except for the security interests created by this Agreement and other Permitted Liens.

(k) Except for Permitted Liens, each Debtor shall at all times maintain the liens and Security Interests provided for hereunder as valid and perfected, first priority (to the extent that such liens and Security Interests can be perfected by the filing of a UCC financing statement) liens and security interests in the Collateral in favor of the Secured Parties until this Agreement and the Security Interest hereunder shall be terminated pursuant to Section 14 hereof. Each

Debtor hereby agrees to defend the same against the claims of any and all persons and entities. Each Debtor shall safeguard and protect all Collateral for the account of the Secured Parties. At the request of the Agent, each Debtor will deliver to the Agent on behalf of the Secured Parties at any time or from time to time one or more financing statements pursuant to the UCC in form reasonably satisfactory to the Agent and will pay the cost of filing the same in all public offices wherever filing is, or is deemed by the Agent to be, necessary or desirable to effect the rights and obligations provided for herein. Without limiting the generality of the foregoing, each Debtor shall pay all fees, taxes and other amounts necessary to maintain the Collateral and the Security Interests hereunder, and each Debtor shall obtain and furnish to the Agent from time to time, upon demand, such releases and/or subordinations of claims and liens which may be required to maintain the priority of the Security Interests hereunder.

(l) No Debtor will transfer, pledge, hypothecate, encumber, license, sell or otherwise dispose of any of the Collateral (except for Permitted Liens or non-exclusive licenses granted by a Debtor in its ordinary course of business, sales of inventory by a Debtor in its ordinary course of business and the replacement of worn-out or obsolete equipment by a Debtor in its ordinary course of business) without the prior written consent of a Majority-in-Interest.

(m) Each Debtor shall keep and preserve its equipment, inventory and other tangible Collateral in good condition, repair and order and shall not operate or locate any such Collateral (or cause to be operated or located) in any area excluded from insurance coverage.

(n) Each Debtor shall maintain with financially sound and reputable insurers, insurance with respect to the Collateral, including Collateral hereafter acquired, against loss or damage of the kinds and in the amounts customarily insured against by entities of established reputation having similar properties similarly situated and in such amounts as are customarily carried under similar circumstances by other such entities and otherwise as is prudent for entities engaged in similar businesses but in any event sufficient to cover the full replacement cost thereof. If no Event of Default (as defined in the Note) exists and if the proceeds arising out of any claim or series of related claims do not exceed \$100,000, loss payments in each instance will be applied by the applicable Debtor to the repair and/or replacement of property with respect to which the loss was incurred to the extent reasonably feasible, and any loss payments or the balance thereof remaining, to the extent not so applied, shall be payable to the applicable Debtor; provided, however, that payments received by any Debtor after an Event of Default occurs and is continuing or in excess of \$100,000 for any occurrence or series of related occurrences, upon approval by Agent, which approval shall not be unreasonably withheld, delayed, denied or conditioned, loss payments in each instance will be applied by the applicable Debtor to the repair and/or replacement of property with respect to which the loss was incurred to the extent reasonably feasible, and any loss payments or the balance thereof remaining, to the extent not so applied, shall be paid to Agent on behalf of the Secured Parties and, if received by such Debtor, shall be held in trust for the Secured Parties and immediately paid over to the Secured Parties unless otherwise directed in writing by Agent. Copies of such policies or the related certificates, in each case, naming the Secured Parties as lender-loss-payee and additional insured shall be delivered to the Secured Parties at least annually and at the time any new policy of insurance is issued.

(o) Each Debtor shall, within ten (10) days of obtaining knowledge thereof, advise the Secured Parties, in sufficient detail, of any material adverse change in the Collateral, and of the occurrence of any event that would have a material adverse effect on the value of the Collateral or on the Secured Parties' security interest, through the Agent, therein.

(p) On a continuing basis, each Debtor shall promptly execute and deliver to the Agent such further deeds, mortgages, assignments, security agreements, financing statements or other instruments, documents, certificates and assurances, and take such further action as the Agent may from time to time request and may in its sole discretion deem necessary, to perfect, protect or enforce the Secured Parties' security interest in the Collateral and otherwise to carry out the intent and purposes of this Agreement.

(q) Upon reasonable prior notice (so long as no Event of Default or breach of the Transaction Documents has occurred or continuing, which in either such event, no prior notice is required), each Debtor shall permit the Agent and its representatives and agents to inspect the Collateral during normal business hours and to make copies of records pertaining to the Collateral as may be reasonably requested by the Agent from time to time.

(r) Each Debtor shall take all steps reasonably necessary to diligently pursue and seek to preserve, enforce and collect any rights, claims, causes of action and accounts receivable in respect of the Collateral.

(s) Each Debtor shall promptly notify the Secured Parties in sufficient detail upon becoming aware of any attachment, garnishment, execution or other legal process levied against any material portion of the Collateral and of any other information received by such Debtor that may materially affect the value of the Collateral, the Security Interest or the rights and remedies of the Secured Parties hereunder.

(t) All information heretofore, herein or hereafter supplied to the Secured Parties by or on behalf of any Debtor with respect to the Collateral is accurate and complete in all material respects as of the date furnished.

(u) The Debtors shall at all times preserve and keep in full force and effect their respective valid existence and good standing and any rights and franchises material to its business.

(v) No Debtor will change its name, type of organization, jurisdiction of organization, organizational identification number (if it has one), legal or corporate structure, or identity, or add any new fictitious name unless it provides at least thirty (30) days' prior written notice to the Secured Parties of such change and, at the time of such written notification, such Debtor provides any financing statements or fixture filings necessary to perfect and continue the perfection of the Security Interests granted and evidenced by this Agreement.

(w) Except in the ordinary course of business, no Debtor may consign any of its inventory or sell any of its inventory on bill-and-hold, sale-or-return, sale-on-approval, or other conditional terms of sale without the consent of the Agent, which shall not be unreasonably withheld, delayed, denied, or conditioned.

(x) No Debtor may relocate its chief executive office to a new location without providing thirty (30) days' prior written notification thereof to the Secured Parties and so long as, at the time of such written notification, such Debtor provides any financing statements or fixture filings necessary to perfect and continue the perfection of the Security Interests granted and evidenced by this Agreement.

(y) Each Debtor was organized and remains organized solely under the laws of the state set forth next to such Debtor's name in Schedule D attached hereto, which Schedule D sets forth each Debtor's organizational identification number or, if any Debtor does not have one, states that one does not exist.

(z) (i) The actual name of each Debtor is the name set forth in Schedule D attached hereto; (ii) no Debtor has any trade names except as set forth on Schedule E attached hereto; (iii) no Debtor has used any name other than that stated in the preamble hereto or as set forth on Schedule E for the preceding five (5) years; and (iv) no entity has merged into any Debtor or been acquired by any Debtor within the past five years except as set forth on Schedule E.

(aa) At any time and from time to time that any Collateral consists of instruments, certificated securities or other items that require or permit possession by the secured party to perfect the security interest created hereby, the applicable Debtor shall deliver such Collateral to the Agent.

(bb) Each Debtor, in its capacity as issuer, hereby agrees to comply with any and all orders and instructions of Agent regarding the Pledged Securities consistent with the terms of this Agreement without the further consent of any Debtor as contemplated by Section 8-106 (or any successor section) of the UCC. Further, each Debtor agrees that it shall not enter into a similar agreement (or one that would confer "control" within the meaning of Article 8 of the UCC) with any other person or entity.

(cc) Each Debtor shall cause all tangible chattel paper constituting Collateral to be delivered to the Agent, or, if such delivery is not possible, then to cause such tangible chattel paper to contain a legend noting that it is subject to the security interest created by this Agreement. To the extent that any Collateral consists of electronic chattel paper, the applicable Debtor shall cause the underlying chattel paper to be "marked" within the meaning of Section 9-105 of the UCC (or successor Section thereto).

(dd) If there is any investment property or deposit account included as Collateral that can be perfected by "control" through an account control agreement, the applicable Debtor shall cause such an account control agreement, in form and substance in each case satisfactory to the Agent, to be entered into and delivered to the Agent for the benefit of the Secured Parties.

(ee) To the extent that any Collateral consists of letter-of-credit rights, the applicable Debtor shall cause the issuer of each underlying letter of credit to consent to an assignment of the proceeds thereof to the Secured Parties.

(ff) To the extent that any Collateral is in the possession of any third party, the applicable Debtor shall join with the Agent in notifying such third party of the Secured Parties' security interest in such Collateral and shall use its best efforts to obtain an acknowledgement

and agreement from such third party with respect to the Collateral, in form and substance reasonably satisfactory to the Agent.

(gg) If any Debtor shall at any time hold or acquire a commercial tort claim, such Debtor shall promptly notify the Secured Parties in a writing signed by such Debtor of the particulars thereof and grant to the Secured Parties in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Agent.

(hh) Each Debtor shall immediately provide written notice to the Secured Parties of any and all accounts which arise out of contracts with any governmental authority and, to the extent necessary to perfect or continue the perfected status of the Security Interests in such accounts and proceeds thereof, shall execute and deliver to the Agent an assignment of claims for such accounts and cooperate with the Agent in taking any other steps required, in its judgment, under the Federal Assignment of Claims Act or any similar federal, state or local statute or rule to perfect or continue the perfected status of the Security Interests in such accounts and proceeds thereof.

(ii) Each Debtor shall cause each subsidiary of such Debtor to immediately become a party hereto (an "Additional Debtor"), by executing and delivering an Additional Debtor Joinder in substantially the form of Annex A attached hereto and comply with the provisions hereof applicable to the Debtors. Concurrently therewith, the Additional Debtor shall deliver replacement schedules for, or supplements to all other Disclosure Schedules to (or referred to in) this Agreement, as applicable, which replacement schedules shall supersede, or supplements shall modify, the Disclosure Schedules then in effect. The Additional Debtor shall also deliver such authorizing resolutions, good standing certificates, incumbency certificates, organizational documents, financing statements and other information and documentation as the Agent may reasonably request. Upon delivery of the foregoing to the Agent, the Additional Debtor shall be and become a party to this Agreement with the same rights and obligations as the Debtors, for all purposes hereof as fully and to the same extent as if it were an original signatory hereto and shall be deemed to have made the representations, warranties and covenants set forth herein as of the date of execution and delivery of such Additional Debtor Joinder, and all references herein to the "Debtors" shall be deemed to include each Additional Debtor.

(jj) Each Debtor shall vote the Pledged Securities to comply with the covenants and agreements set forth herein and in the Notes and all other Transaction Documents.

(kk) Each Debtor shall register the pledge of the applicable Pledged Securities on the books of such Debtor. Each Debtor shall notify each issuer of Pledged Securities to register the pledge of the applicable Pledged Securities in the name of the Secured Parties on the books of such issuer. Further, except with respect to certificated securities delivered to the Agent, the applicable Debtor shall deliver to Agent an acknowledgement of pledge (which, where appropriate, shall comply with the requirements of the relevant UCC with respect to perfection by registration) signed by the issuer of the applicable Pledged Securities, which acknowledgement shall confirm that: (a) it has registered the pledge on its books and records; and (b) at any time directed by Agent during the continuation of an Event of Default, such issuer will transfer the record ownership of such Pledged Securities into the name of any designee of

Agent, will take such steps as may be necessary to effect the transfer, and will comply with all other instructions of Agent regarding such Pledged Securities without the further consent of the applicable Debtor.

(ll) In the event that, upon an occurrence of an Event of Default, Agent shall sell all or any of the Pledged Securities to another party or parties (herein called the "Transferee") or shall purchase or retain all or any of the Pledged Securities, each Debtor shall, to the extent applicable: (i) deliver to Agent or the Transferee, as the case may be, the articles of incorporation, bylaws, minute books, stock certificate books, corporate seals, deeds, leases, indentures, agreements, evidences of indebtedness, books of account, financial records and all other Organizational Documents and records of the Debtors and their direct and indirect subsidiaries (but not including any items subject to the attorney-client privilege related to this Agreement or any of the transactions hereunder); (ii) use its best efforts to obtain resignations of the persons then serving as officers and directors of the Debtors and their direct and indirect subsidiaries, if so requested; and (iii) use its best efforts to obtain any approvals that are required by any governmental or regulatory body in order to permit the sale of the Pledged Securities to the Transferee or the purchase or retention of the Pledged Securities by Agent and allow the Transferee or Agent to continue the business of the Debtors and their direct and indirect subsidiaries.

(mm) Without limiting the generality of the other obligations of the Debtors hereunder, each Debtor shall promptly (i) cause to be registered at the United States Copyright Office all of its material copyrights, (ii) following an Event of Default, upon the written request of the Agent, cause the security interest contemplated hereby with respect to all Intellectual Property registered at the United States Copyright Office or United States Patent and Trademark Office to be duly recorded at the applicable office, and (iii) give the Agent notice whenever it acquires (whether absolutely or by license) or creates any additional material Intellectual Property.

(nn) Each Debtor will from time to time, at the joint and several expense of the Debtors, promptly execute and deliver all such further instruments and documents, and take all such further action as may be necessary or desirable, or as the Agent may reasonably request, in order to perfect (to the extent such security interest can be perfected by the filing of a UCC financing statement) and protect any security interest granted or purported to be granted hereby or to enable the Secured Parties to exercise and enforce their rights and remedies hereunder and with respect to any Collateral or to otherwise carry out the purposes of this Agreement.

(oo) Schedule F attached hereto lists all of the patents, patent applications, trademarks, trademark applications, registered copyrights, and domain names owned by any of the Debtors as of the date hereof. Schedule F lists all material licenses in favor of any Debtor for the use of any patents, trademarks, copyrights and domain names as of the date hereof. All material patents and trademarks of the Debtors have been duly recorded at the United States Patent and Trademark Office and all material copyrights of the Debtors have been duly recorded at the United States Copyright Office.

(pp) Until the Obligations shall have been paid and performed in full, the Company covenants that it shall promptly direct any direct or indirect subsidiary of the Company formed

or acquired after the date hereof to enter into a Guaranty in favor of the Secured Party, in the form of attached as an exhibit to the Purchase Agreement.

5. Effect of Pledge on Certain Rights. If any of the Collateral subject to this Agreement consists of nonvoting equity or ownership interests (regardless of class, designation, preference or rights) that may be converted into voting equity or ownership interests upon the occurrence of certain events (including, without limitation, upon the transfer of all or any of the other stock or assets of the issuer), it is agreed by Debtors that the pledge of such equity or ownership interests pursuant to this Agreement or the enforcement of any of Agent's rights hereunder shall not be deemed to be the type of event which would trigger such conversion rights notwithstanding any provisions in the Organizational Documents or agreements to which any Debtor is subject or to which any Debtor is party.

6. Defaults. The following events shall be "Events of Default":

- (a) The occurrence of an Event of Default under the Notes;
- (b) The occurrence of an event of default or breach under any of the Transaction Documents;
- (c) Any representation or warranty of any Debtor in this Agreement shall prove to have been incorrect in any material respect when made;
- (d) The failure by any Debtor to observe or perform any of its obligations hereunder for thirty (30) days after delivery to such Debtor of notice of such failure by or on behalf of a Secured Party unless such default is capable of cure but cannot be cured within such time frame and such Debtor is using best efforts to cure same in a timely fashion; or
- (e) If any provision of this Agreement shall at any time for any reason be declared to be null and void, or the validity or enforceability thereof shall be contested by any Debtor, or a proceeding shall be commenced by any Debtor, or by any governmental authority having jurisdiction over any Debtor, seeking to establish the invalidity or unenforceability thereof, or any Debtor shall deny that any Debtor has any liability or obligation purported to be created under this Agreement.

7. Duty to Hold in Trust.

(a) Upon the occurrence and during the continuance of any Event of Default, each Debtor shall, upon receipt of any revenue, income, dividend, interest or other sums subject to the Security Interests, whether payable pursuant to the Notes or otherwise, or of any check, draft, note, trade acceptance or other instrument evidencing an obligation to pay any such sum, hold the same in trust for the Secured Parties and shall forthwith endorse and transfer any such sums or instruments, or both, to the Agent, pro-rata in proportion to their respective then-currently outstanding principal amount of Notes for application to the satisfaction of the Obligations (and if any Notes is not outstanding, pro-rata in proportion to the initial purchases of the remaining Notes).

(b) If any Debtor shall become entitled to receive or shall receive any securities or other property (including, without limitation, shares of Pledged Securities or instruments representing Pledged Securities acquired after the date hereof, or any options, warrants, rights or other similar property or certificates representing a dividend, or any distribution in connection with any recapitalization, reclassification or increase or reduction of capital, or issued in connection with any reorganization of such Debtor or any of its direct or indirect subsidiaries) in respect of the Pledged Securities (whether as an addition to, in substitution of, or in exchange for, such Pledged Securities or otherwise), such Debtor agrees to (i) accept the same as the agent of the Secured Parties; (ii) hold the same in trust on behalf of and for the benefit of the Secured Parties; and (iii) to deliver any and all certificates or instruments evidencing the same to Agent on or before the close of business on the fifth (5th) business day following the receipt thereof by such Debtor, in the exact form received together with the Necessary Endorsements, to be held by Agent subject to the terms of this Agreement as Collateral.

8. Rights and Remedies Upon Default.

(a) Upon the occurrence and during the continuance of any Event of Default, the Secured Parties, acting through the Agent, shall have the right to exercise all of the remedies conferred hereunder and under the Notes, and the Secured Parties shall have all the rights and remedies of a secured party under the UCC. Without limitation, the Agent, for the benefit of the Secured Parties, shall have the following rights and powers:

(i) The Agent shall have the right to take possession of the Collateral and, for that purpose, enter, with the aid and assistance of any person, any premises where the Collateral, or any part thereof, is or may be placed and remove the same, and each Debtor shall assemble the Collateral and make it available to the Agent at places which the Agent shall reasonably select, whether at such Debtor's premises or elsewhere, and make available to the Agent, without rent, all of such Debtor's respective premises and facilities for the purpose of the Agent taking possession of, removing or putting the Collateral in saleable or disposable form.

(ii) Upon written notice to the Debtors by Agent, all rights of each Debtor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise and all rights of each Debtor to receive the dividends and interest which it would otherwise be authorized to receive and retain, shall cease. Upon such written notice, Agent shall have the right to receive, for the benefit of the Secured Parties, any interest, cash dividends or other payments on the Collateral and, at the option of Agent, to exercise in such Agent's discretion all voting rights pertaining thereto. Without limiting the generality of the foregoing, Agent shall have the right (but not the obligation) to exercise all rights with respect to the Collateral as it were the sole and absolute owner thereof, including, without limitation, to vote and/or to exchange, at its sole discretion, any or all of the Collateral in connection with a merger, reorganization, consolidation, recapitalization or other readjustment concerning or involving the Collateral or any Debtor or any of its direct or indirect subsidiaries.

(iii) The Agent shall have the right to operate the business of each Debtor using the Collateral and shall have the right to assign, sell, lease or otherwise dispose of and deliver all or any part of the Collateral, at public or private sale or otherwise, either with or without special conditions or stipulations, for cash or on credit or for future delivery, in such parcel or parcels

and at such time or times and at such place or places, and upon such terms and conditions as the Agent may deem commercially reasonable, all without (except as shall be required by applicable statute and cannot be waived) advertisement or demand upon or notice to any Debtor or right of redemption of a Debtor, which are hereby expressly waived. Upon each such sale, lease, assignment or other transfer of Collateral, the Agent, for the benefit of the Secured Parties, may, unless prohibited by applicable law which cannot be waived, purchase all or any part of the Collateral being sold, free from and discharged of all trusts, claims, right of redemption and equities of any Debtor, which are hereby waived and released.

(iv) The Agent shall have the right (but not the obligation) to notify any account debtors and any obligors under instruments or accounts to make payments directly to the Agent, on behalf of the Secured Parties, and to enforce the Debtors' rights against such account debtors and obligors.

(v) The Agent, for the benefit of the Secured Parties, may (but is not obligated to) direct any financial intermediary or any other person or entity holding any investment property to transfer the same to the Agent, on behalf of the Secured Parties, or its designee.

(vi) The Agent may (but is not obligated to) transfer any or all Intellectual Property registered in the name of any Debtor at the United States Patent and Trademark Office and/or Copyright Office into the name of the Secured Parties or any designee or any purchaser of any Collateral.

(b) The Agent shall comply with any applicable law in connection with a disposition of Collateral and such compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. The Agent may sell the Collateral without giving any warranties and may specifically disclaim such warranties. If the Agent sells any of the Collateral on credit, the Debtors will only be credited with payments actually made by the purchaser. In addition, each Debtor waives (except as shall be required by applicable statute and cannot be waived) any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Agent's rights and remedies hereunder, including, without limitation, its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights and remedies with respect thereto.

(c) For the purpose of enabling the Agent to further exercise rights and remedies under this Section 8 or elsewhere provided by agreement or applicable law, each Debtor hereby grants to the Agent, for the benefit of the Agent and the Secured Parties, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to such Debtor) to use, license or sublicense following an Event of Default, any Intellectual Property now owned or hereafter acquired by such Debtor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof.

9. Applications of Proceeds. The proceeds of any sale, lease or other disposition by the Agent of the Collateral hereunder or from payments made to the Agent on account of any insurance policy insuring any portion of the Collateral shall be applied first, to the expenses of retaking, holding, storing, processing and preparing for sale, selling, and the like (including,

without limitation, any taxes, fees and other costs incurred in connection therewith) of the Collateral, to the reasonable attorneys' fees and expenses incurred by the Agent in enforcing the Secured Parties' rights hereunder and in connection with collecting, storing and disposing of the Collateral, and then to satisfaction of the Obligations pro rata among the Secured Parties (based on then-outstanding principal amounts of Notes at the time of any such determination), and to the payment of any other amounts required by applicable law, after which the Secured Parties shall pay to the applicable Debtor any surplus proceeds. If, upon the sale, license or other disposition of all of the Collateral, the proceeds thereof are insufficient to pay all amounts to which the Secured Parties are legally entitled, the Debtors will be liable for the deficiency, together with interest thereon, at the rate of 18% per annum or the lesser amount permitted by applicable law (the "Default Rate"), and the reasonable fees of any attorneys employed by the Secured Parties to collect such deficiency. To the extent permitted by applicable law, each Debtor waives all claims, damages and demands against the Secured Parties arising out of the repossession, removal, retention or sale of the Collateral, unless due solely to the gross negligence or willful misconduct of the Secured Parties as determined by a final judgment (not subject to further appeal) of a court of competent jurisdiction.

10. Securities Law Provision. Each Debtor recognizes that Agent may be limited in its ability to effect a sale to the public of all or part of the Pledged Securities by reason of certain prohibitions in the Securities Act of 1933, as amended, or other federal or state securities laws (collectively, the "Securities Laws"), and may be compelled to resort to one or more sales to a restricted group of purchasers who may be required to agree to acquire the Pledged Securities for their own account, for investment and not with a view to the distribution or resale thereof. Each Debtor agrees that sales so made may be at prices and on terms less favorable than if the Pledged Securities were sold to the public, and that Agent has no obligation to delay the sale of any Pledged Securities for the period of time necessary to register the Pledged Securities for sale to the public under the Securities Laws. Each Debtor shall cooperate with Agent in its attempt to satisfy any requirements under the Securities Laws (including, without limitation, registration thereunder if requested by Agent) applicable to the sale of the Pledged Securities by Agent.

11. Costs and Expenses. Each Debtor agrees to pay all reasonable out-of-pocket fees, costs and expenses incurred in connection with any filing required hereunder, including without limitation, any financing statements pursuant to the UCC, continuation statements, partial releases and/or termination statements related thereto or any expenses of any searches reasonably required by the Agent. The Debtors shall also pay all other claims and charges which in the reasonable opinion of the Agent is reasonably likely to prejudice, imperil or otherwise affect the Collateral or the Security Interests therein. The Debtors will also, upon demand, pay to the Agent the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, which the Agent, for the benefit of the Secured Parties, may incur in connection with the creation, perfection, protection, satisfaction, foreclosure, collection or enforcement of the Security Interest and the preparation, administration, continuance, amendment or enforcement of this Agreement and pay to the Agent the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, which the Agent, for the benefit of the Secured Parties, and the Secured Parties may incur in connection with (i) the enforcement of this Agreement, (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, or (iii) the exercise or enforcement of any of the rights of the Secured Parties

under the Notes and the Transaction Documents. Until so paid, any fees payable hereunder shall be added to the amounts owed under the Transaction Documents and shall bear interest at the Default Rate.

12. Responsibility for Collateral. The Debtors assume all liabilities and responsibility in connection with all Collateral, and the Obligations shall in no way be affected or diminished by reason of the loss, destruction, damage or theft of any of the Collateral or its unavailability for any reason. Without limiting the generality of the foregoing and except as required by applicable law, (a) neither the Agent nor any Secured Party (i) has any duty (either before or after an Event of Default) to collect any amounts in respect of the Collateral or to preserve any rights relating to the Collateral, or (ii) has any obligation to clean-up or otherwise prepare the Collateral for sale, and (b) each Debtor shall remain obligated and liable under each contract or agreement included in the Collateral to be observed or performed by such Debtor thereunder. Neither the Agent nor any Secured Party shall have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Agent or any Secured Party of any payment relating to any of the Collateral, nor shall the Agent or any Secured Party be obligated in any manner to perform any of the obligations of any Debtor under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Agent or any Secured Party in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to the Agent or to which the Agent or any Secured Party may be entitled at any time or times.

13. Security Interests Absolute. All rights of the Secured Parties and all obligations of each Debtor hereunder, shall be absolute and unconditional, irrespective of: (a) any lack of validity or enforceability of this Agreement, the Notes or any agreement entered into in connection with the foregoing, or any portion hereof or thereof, against any other Debtor or Guarantor; (b) any change in the time, manner or place of payment or performance of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Notes or any other agreement entered into in connection with the foregoing; (c) any exchange, release or nonperfection of any of the Collateral, or any release or amendment or waiver of or consent to departure from any other collateral for, or any guarantee, or any other security, for all or any of the Obligations; (d) any action by the Secured Parties to obtain, adjust, settle and cancel in its sole discretion any insurance claims or matters made or arising in connection with the Collateral; or (e) any other circumstance which might otherwise constitute any legal or equitable defense available to a Debtor, or a discharge of all or any part of the Security Interests granted hereby. Until the Obligations shall have been paid and performed in full, the rights of the Secured Parties shall continue even if the Obligations are barred for any reason, including, without limitation, the running of the statute of limitations. Each Debtor expressly waives presentment, protest, notice of protest, demand, notice of nonpayment and demand for performance. In the event that at any time any transfer of any Collateral or any payment received by the Secured Parties hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall be deemed to be otherwise due to any party other than the Secured Parties, then, in any such event, each Debtor's obligations hereunder shall survive cancellation of this Agreement, and shall not be discharged or satisfied

by any prior payment thereof and/or cancellation of this Agreement, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof. Each Debtor waives all right to require the Secured Parties to proceed against any other person or entity or to apply any Collateral which the Secured Parties may hold at any time, or to marshal assets, or to pursue any other remedy. Each Debtor waives any defense arising by reason of the application of the statute of limitations to any obligation secured hereby.

14. Term of Agreement. This Agreement and the Security Interests shall terminate on the date on which all payments under the Notes have been indefeasibly paid in full and all other Obligations have been paid or discharged; provided, however, that all indemnities of the Debtors contained in this Agreement (including, without limitation, Annex B hereto) shall survive and remain operative and in full force and effect regardless of the termination of this Agreement.

15. Power of Attorney; Further Assurances.

(a) Each Debtor authorizes the Agent, and does hereby make, constitute and appoint the Agent and its officers, agents, successors or assigns with full power of substitution, as such Debtor's true and lawful attorney-in-fact, with power, in the name of the Agent or such Debtor, to, after the occurrence and during the continuance of an Event of Default, (i) endorse any note, checks, drafts, money orders or other instruments of payment (including payments payable under or in respect of any policy of insurance) in respect of the Collateral that may come into possession of the Agent; (ii) to sign and endorse any financing statement pursuant to the UCC or any invoice, freight or express bill, bill of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts, and other documents relating to the Collateral; (iii) to pay or discharge taxes, liens, security interests or other encumbrances at any time levied or placed on or threatened against the Collateral; (iv) to demand, collect, receipt for, compromise, settle and sue for monies due in respect of the Collateral; (v) to transfer any Intellectual Property or provide licenses respecting any Intellectual Property; and (vi) generally, at the option of the Agent, and at the expense of the Debtors, at any time, or from time to time, to execute and deliver any and all documents and instruments and to do all acts and things which the Agent deems necessary to protect, preserve and realize upon the Collateral and the Security Interests granted therein in order to effect the intent of this Agreement, the Notes and the other Transaction Documents all as fully and effectually as the Debtors might or could do; and each Debtor hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable for the term of this Agreement and thereafter as long as any of the Obligations shall be outstanding. The designation set forth herein shall be deemed to amend and supersede any inconsistent provision in the Organizational Documents or other documents or agreements to which any Debtor is subject or to which any Debtor is a party. Without limiting the generality of the foregoing, after the occurrence and during the continuance of an Event of Default, each Secured Party is specifically authorized to execute and file any applications for or instruments of transfer and assignment of any patents, trademarks, copyrights or other Intellectual Property with the United States Patent and Trademark Office and the United States Copyright Office.

(b) On a continuing basis, each Debtor will make, execute, acknowledge, deliver, file and record, as the case may be, with the proper filing and recording agencies in any jurisdiction, including, without limitation, the jurisdictions indicated on Schedule C attached

hereto, all such instruments, and take all such action as may reasonably be deemed necessary or advisable, or as reasonably requested by the Secured Parties, to perfect the Security Interests granted hereunder and otherwise to carry out the intent and purposes of this Agreement, or for assuring and confirming to the Secured Parties the grant or perfection of a perfected security interest in all the Collateral under the UCC.

(c) Each Debtor hereby irrevocably appoints the Agent as such Debtor's attorney-in-fact, with full authority in the place and instead of such Debtor and in the name of such Debtor, from time to time in the Agent's discretion, to take any action and to execute any instrument which the Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including the filing, in its sole discretion, of one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of such Debtor where permitted by law, which financing statements may (but need not) describe the Collateral as "all assets" or "all personal property" or words of like import, and ratifies all such actions taken by the Agent. This power of attorney is coupled with an interest and shall be irrevocable for the term of this Agreement and thereafter as long as any of the Obligations shall be outstanding.

16. Notices. All notices, requests, demands and other communications hereunder shall be subject to the notice provision of the Purchase Agreement.

17. Other Security. To the extent that the Obligations are now or hereafter secured by property other than the Collateral or by the Guaranty, endorsement or property of any other person, firm, corporation or other entity, then the Agent shall have the right, in its sole discretion, to pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of the Secured Parties' rights and remedies hereunder.

18. Appointment of Agent. If and as applicable, the Secured Parties hereby appoint Dominion Capital, LLC, to act as their agent ("Agent") for purposes of exercising any and all rights and remedies of the Secured Parties hereunder. Such appointment shall continue until revoked in writing by a Majority-in-Interest, at which time a Majority-in-Interest shall appoint a new Agent, provided that Dominion Capital, LLC, may not be removed as Agent unless Dominion Capital, LLC, shall then hold less than \$100,000 in principal amount of Notes; provided, further, that such removal may occur only if each of the other Secured Parties shall then hold not less than an aggregate of \$250,000 in principal amount of Notes. The Agent shall have the rights, responsibilities and immunities set forth in Annex B hereto.

19. Miscellaneous.

(a) No course of dealing between the Debtors and the Secured Parties, nor any failure to exercise, nor any delay in exercising, on the part of the Secured Parties, any right, power or privilege hereunder or under the Notes or other Transaction Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(b) All of the rights and remedies of the Secured Parties with respect to the Collateral, whether established hereby or by the Securities or the Transaction Documents or by any other agreements, instruments or documents or by law shall be cumulative and may be exercised singly or concurrently.

(c) This Agreement, together with the exhibits and schedules hereto, contains the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into this Agreement and the exhibits and schedules hereto. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Debtors and the Secured Parties holding two-thirds (2/3rds) or more of the principal amount of Notes then outstanding, or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought.

(d) If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(e) No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

(f) This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company and the Guarantors may not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Agent (other than by merger). Any Secured Party may assign any or all of its rights under this Agreement to any Person (as defined in the Purchase Agreement) to whom such Secured Party assigns or transfers any Obligations, provided such transferee agrees in writing to be bound, with respect to the transferred Obligations, by the provisions of this Agreement that apply to the "Secured Parties."

(g) Each party shall take such further action and execute and deliver such further documents as may be necessary or appropriate in order to carry out the provisions and purposes of this Agreement.

(h) Except to the extent mandatorily governed by the jurisdiction or situs where the Collateral is located, all questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance

with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Except to the extent mandatorily governed by the jurisdiction or situs where the Collateral is located, each Debtor agrees that all proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement, the Notes or the other Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York, Borough of Manhattan. Except to the extent mandatorily governed by the jurisdiction or situs where the Collateral is located, each Debtor hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such proceeding is improper. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

(i) This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

(j) All Debtors shall jointly and severally be liable for the obligations of each Debtor to the Secured Parties hereunder.

(k) Each Debtor agrees to indemnify, reimburse and hold harmless the Agent and the Secured Parties and their respective assignees and affiliates and their respective officers, directors, employees, agents, consultants, auditors, and attorneys of any of them (collectively, "Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the reasonable fees relating to the cost of investigating or defending any of the foregoing) imposed on, incurred by or asserted against such Indemnitee in any way related to or arising from or alleged to arise from this Agreement or the Collateral, except any such losses, claims, liabilities, damages, penalties, suits, costs and expenses which result from the gross negligence or willful misconduct of the Indemnitee as determined by a final, nonappealable decision of a court of competent jurisdiction; provided that the Debtors shall not be obligated to indemnify the Indemnitees, or have any liability, in excess of the aggregate Purchase Price (as defined in the Purchase Agreement). This indemnification provision is in addition to, and not in limitation of, any other indemnification provision in the Notes, the Purchase Agreement or any other agreement, instrument or other document executed or delivered in connection herewith or therewith.

(l) Nothing in this Agreement shall be construed to subject Agent or any Secured Party to liability as a partner in any Debtor or any of its direct or indirect subsidiaries that is a partnership or as a member in any Debtor or any of its direct or indirect subsidiaries that is a

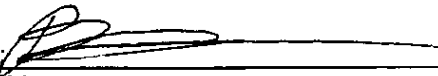
limited liability company, nor shall Agent or any Secured Party be deemed to have assumed any obligations under any partnership agreement or limited liability company agreement, as applicable, of any such Debtor or any of its direct or indirect subsidiaries or otherwise, unless and until any such Secured Party exercises its right to be substituted for such Debtor as a partner or member, as applicable, pursuant hereto.

(m) To the extent that the grant of the security interest in the Collateral and the enforcement of the terms hereof require the consent, approval or action of any partner or member, as applicable, of any Debtor or any direct or indirect subsidiary of any Debtor or compliance with any provisions of any of the Organizational Documents, the Debtors hereby represent that all such consents and approvals have been obtained.

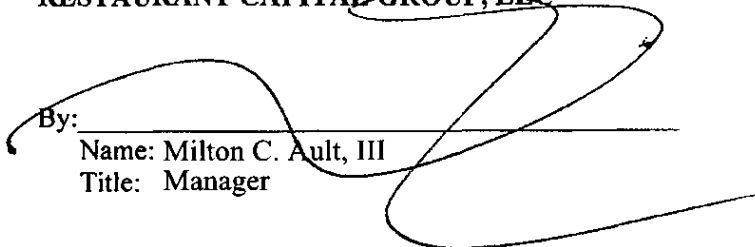
[SIGNATURE PAGE OF DEBTORS FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed on the day and year first above written.

AVALANCHE INTERNATIONAL, CORP.

By: 
Name: Phil Mansour
Title: Chief Executive Officer


RESTAURANT CAPITAL GROUP, LLC

By: 
Name: Milton C. Ault, III
Title: Manager

[SIGNATURE PAGE OF HOLDERS FOLLOWS]

[SIGNATURE PAGE OF HOLDERS TO SECURITY AGREEMENT]

Name of Investing Entity: Dominion Capital LLC

Signature of Authorized Signatory of Investing entity: _____

Name of Authorized Signatory: Mikhail Gurevich

Title of Authorized Signatory: Managing Member

DISCLOSURE SCHEDULES

(Security Agreement)

The following are the Disclosure Schedules (the “Disclosure Schedules”) referred to in that certain Security Agreement, dated as of April 11, 2019 (the “Agreement”), by and among Avalanche International, Corp., a Nevada corporation (the “Company”), certain of the Subsidiaries of the Company (such subsidiaries, the “Guarantors” and together with the Company, the “Debtors”) and the holders of the Company’s 10% Senior Secured Convertible Promissory Notes, in the aggregate principal amount of up to \$2,750,000.00 (the “Notes”), signatory thereto, their endorsees, transferees and assigns (collectively, the “Secured Parties”).

Schedule A

Principal Place of Business of Debtors:

Avalanche International Corp.

5940 S. Rainbow Blvd, Las Vegas, NV 89118

MTIX Limited

35 Westgate, Huddersfield, England, HD1 1PA

Restaurant Capital Group, LLC

201 Shipyard Way, Suite #E, Newport Beach Ca 92663

Locations Where Collateral is Located or Stored:

MTIX Limited

Wheawill & Sudworth
35 Westgate, Huddersfield HD1 1PB, UK

Meltham Mills
Meltham Mills Industrial Estate
Meltham Mills Rd, Meltham, Holmfirth HD9 4DS, UK

H&C Whitehead Ltd
370 Bradford Rd, Brighouse HD6 4DJ, UK

Schedule B

Ownership Interest to Collateral

1. DPW Holdings, Inc., a Delaware corporation, holds security interest in the collateral located in Meltham, UK.
2. Pravin Mistry was granted a security interest to the Collateral pursuant to the Security Agreement dated August 17, 2017 (the “**MTIX Security Agreement**”), in connection with that certain Share Exchange Agreement dated as of March 3, 2017, and as amended on July 13, 2017 and August 21, 2017 (the “**Exchange Agreement**”) with MTIX Limited, a company formed under the laws of England and Wales (“**MTIX**”), Mr. Mistry and the two (2) other shareholders of MTIX (collectively, with Mr. Mistry, the “**Sellers**”).
3. Paul Thomas Andrew Johnson, one of the three Sellers, was granted a security interest to the Collateral pursuant to the MTIX Security Agreement.
4. Daniel Peter Johnson, one of the three Sellers, was granted a security interest to the Collateral pursuant to the MTIX Security Agreement.

Schedule C

Filing Jurisdictions

DPW Holdings, Inc., a Delaware corporation, holds security interest in the Collateral located in Meltham, UK, pursuant to the sale agreement which was executed as a deed.

Schedule D

Legal Names and Organizational Identification Numbers

Avalanche International, Corp. – Nevada - NV20111254317

MTIX Limited – England and Wales - 07622985

Restaurant Capital Group, LLC – California - 201529910299

Schedule E

Names; Mergers and Acquisitions

(a) Avalanche International, Corp., doing business as MTIX International, Inc. in the States of Utah and Michigan.

(b) On August 22, 2017, pursuant to the terms of the Exchange Agreement with MTIX, a and the three Sellers, the Company completed its acquisition of MTIX. Upon the terms and subject to the conditions set forth in the Exchange Agreement, the Company acquired MTIX from the Sellers through the transfer of all issued and outstanding ordinary shares of MTIX (the “**MTIX Shares**”) by the Sellers to the Company in exchange (the “**Exchange**”) for the issuance by the Company of: (a) 7% secured convertible promissory notes (individually, a “**Note**” and collectively, the “**Notes**”) in the aggregate principal face amount of \$9,500,000 to the Sellers in pro rata amounts commensurate with their current respective ownership percentages of MTIX’s ordinary shares, (b) (i) \$500,000 in cash, \$50,000 of which was paid on October 26, 2016, and (ii) 100,000 shares of the Company’s newly designated shares of Class B Shares to the principal shareholder of MTIX (the “**Majority Shareholder**”).

At the Closing the Company delivered to the Majority Shareholder and the two Sellers other than Majority Shareholder (the “**Minority Shareholders**”) three Notes, which Notes were in the principal face amount of \$6,166,666 with respect to the Majority Shareholder and in the principal face amount of \$1,666,667 with respect to each of the Minority Shareholders.

Schedule F

Intellectual Property

Patents/Patent Applications

(a) Patent Applications

Our reference	Application number/ Publication number	Application date	Date of grant	Priority date	Status	Title	Country
<u>Invention PM-1</u>							
	US 13/536,257 (Appl. No.); US 9,309,619 B2 (Patent No.)	28.06.2012	12.04.2016	28.06.2011 (US)	granted	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	USA
MTI 13211 WO	PCT/GB2012/051516 (Appl. No.); WO 2013/001306 (Publ. No.)	28.06.2012		28.06.2011 (US)	nationalized	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	PCT-Application (WO)
MTI 13211 WO_AU	2012277526 (Patent No.)	28.06.2012	16.02.2017	28.06.2011 (US)	granted	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	Australia based on PCT
MTI 13211 WO_BR	BR 11 2013 033473-8 (Appl. No.)	28.06.2012		28.06.2011 (US)	pending examination is in progress	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	Brazil based on PCT
MTI 13211 WO_CA	2,839,820 (Appl. No.)	28.06.2012		28.06.2011 (US)	pending examination is in progress	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	Canada based on PCT
MTI 13211 WO_CN	CN 201280032253.6 (Appl. No.); CN 103 635 624 (Publ. No.); ZL201280032253.6 (Patent No.)	28.06.2012	07.09.2016	28.06.2011 (US)	granted	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	China based on PCT
MTI 13211 WO_EP	EP 12 753 547 4 (Appl. No.); EP 2 726 666 (Publ. No.)	28.06.2012	04.04.2018	28.06.2011 (US)	granted and validated (see next line)	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	European patent based on PCT
MTI 13211 WO_EP_XX	The European patent was validated in the following countries: Albania, Austria, Belgium, Bulgaria, Czech Republic, Germany, Denmark, Spain, Finland, France, United Kingdom, Greece, Croatia, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, Former Yugoslav Republic of Macedonia, Malta, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Sweden, Slovenia, Slovakia, San Marino, Turkey						
MTI 13211 WO_ID	W-00201306060 (Appl. No.); IDP000046986 (Patent No.)	28.06.2012	20.07.2017	28.06.2011 (US)	granted	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	Indonesia based on PCT
MTI 13211	540/DELNP/2014	28.06.2012		28.06.2011	pending	Method and apparatus for surface	India based on

WO_IN	(Appl. No.)			(US)	examination is in progress	treatment of materials utilizing multiple combined energy sources	PCT
MTI 13211 WO_JP	6151688 (Patent No.)	28.06.2012	02.06.2017	28.06.2011 (US)	granted	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	Japan based on PCT
MTI 13211 WO_LK	17514 (Patent No.)	28.06.2012	26.01.2015	28.06.2011 (US)	granted	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	Sri Lanka based on PCT
MTI 13211 WO_NZ	620033 (Patent No.)	28.06.2012	01.03.2016	28.06.2011 (US)	granted	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	New Zealand based on PCT
MTI 13211 WO_PH	1-2013-502672 (Appl. No.)	28.06.2012	28.07.2017	28.06.2011 (US)	granted	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	Philippines based on PCT
MTI 13211 WO_VN	1-2014-00251 (Appl. No.)	28.06.2012		28.06.2011 (US)	pending examination is in progress	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	Vietnam based on PCT
Invention PM-2							
	US 14/138,109 (Appl. No.); US 9,605,376 B2 (Patent No.)	22.12.2013	28.03.2017	28.06.2012 (US)	granted	Treating materials with combined energy sources	USA
MTI 14160 WO	PCT/US2012/071596 (Appl. No.); WO 2014/003822 (Publ. No.)	25.12.2012		28.06.2012 (US)	nationalized	Treating materials with combined energy sources	PCT-Application (WO)
MTI 14160 WO_AU	2012383475 (Patent No.)	25.12.2012	23.05.2017	28.06.2012 (US)	granted	Treating materials with combined energy sources	Australia based on PCT
MTI 14160 WO_CA	2,886,703 (Appl. No.)	25.12.2012		28.06.2012 (US)	pending examination is in progress	Treating materials with combined energy sources	Canada based on PCT
MTI 14160 WO_CN	201280074359.2 (Appl. No.); CN 104488363 (Publ. No)	25.12.2012	27.03.2018	28.06.2012 (US)	granted	Treating materials with combined energy sources	China based on PCT
MTI 14160 WO_EP	EP 12 880 034.9 (Appl. No.); EP 2 868 166 (Publ. No.)	25.12.2012		28.06.2012 (US)	pending examination is in progress	Treating materials with combined energy sources	European patent based on PCT
MTI 14160 WO_IN	426/DELNP/2015 (Appl.No.)	25.12.2012		28.06.2012 (US)	pending examination is in progress	Treating materials with combined energy sources	India based on PCT
MTI 14160 WO_LK	18068 (Appl. No.)	25.12.2012		28.06.2012 (US)	pending	Treating materials with combined energy sources	Sri Lanka based on PCT
MTI 14160 WO_NZ	703898 (Appl. No.)	25.12.2012	29.11.2016	28.06.2012 (US)	granted	Treating materials with combined energy sources	New Zealand based on PCT

- (b) Patent, Technical Know-How and Equipment Use License Agreement dated March 14, 2018, by and between MTIX Limited and Stamperia di Govone S.r.l., attached herewith as Annex C.

Domain Names

MTIX Ltd owned domains:

www.mti-x.com – hosts main website
www.mlse.tech – unused

<u>Additional Domains</u>	<u>Expiration</u>
mlsetreatment.com	08 Oct 2019
mlsewr.com	08 Oct 2019
mlsetextiles.com	08 Oct 2019
mlsesteel.com	08 Oct 2019
mlscience.com	08 Oct 2019
mlseresearch.com	08 Oct 2019
mlscdp.com	08 Oct 2019
mlsepaper.com	08 Oct 2019
mlsehp.com	08 Oct 2019
mlsefr.com	08 Oct 2019
mlsehistory.com	08 Oct 2019
mlsefilm.com	08 Oct 2019
mlsefabric.com	08 Oct 2019
mlseam.com	08 Oct 2019
mtixhistory.com	24 Oct 2019
mtixintl.com	07 Feb 2020
mtixinternational.com	07 Feb 2020
mlsevideos.com	30 Apr 2020

AVLP owned domains:

<http://www.avalancheinternationalcorp.com/>
<https://mtixinternational.com/>

Copyrights

None.

Trademarks/Trademark Applications

Word Mark	MLSE
Goods and Services	IC 007. US 013 019 021 023 031 034 035. G & S: Machines for the textile industry utilizing laser and high frequency electrical discharge plasma for surface treatment of textile materials; industrial surface treatment machines utilizing laser and high frequency electrical discharge plasma for the surface treatment of materials; industrial surface treatment machines utilizing laser and high frequency electrical discharge plasma for the surface treatment of yarns, fibers, cloth or textiles; industrial surface treatment machines utilizing laser and high frequency electrical discharge plasma for the surface of metals and goods made from metal; laser beam emitting machines for the treatment of materials by laser beam; industrial surface treatment machines utilizing laser and high frequency electrical discharge plasma for the surface treatment of medical devices; industrial surface treatment machines utilizing laser and high frequency electrical discharge plasma for the surface treatment of automotive components and parts; laser beam emitting machines for the laser treatment of components and parts for aerospace; laser-treatment machine parts
	IC 022. US 001 002 007 019 022 042 050. G & S: Raw fibrous textile materials; raw wool; textile fibers; sailcloth; canvas for sails; awnings and tarpaulins; awnings for tents; bags and sacks of textiles for packaging, storage and transport; brattice cloth; each of the before mentioned treated to be heat-stable, fire-retardant, antimicrobial, hydrophobic, stain-resistant and/or wear-resistant
	IC 040. US 100 103 106. G & S: Treatment of fabrics by utilizing laser and high frequency electrical discharge plasma; treatment of textiles by utilizing laser and high frequency electrical discharge plasma; treatment of cloth by utilizing laser and high frequency electrical discharge plasma; waterproofing of fabrics, textiles or cloth, fireproofing of fabrics, textiles or cloth; applying finishes to fabrics, textiles or cloth; finishing and coating of fabrics, textiles, fabrics, cloth, clothing, yarns and/or fibers; treatment of materials, namely, surface treatment of materials; treatment of materials, namely, surface treatment of medical devices; treatment of materials, namely, surface treatment of automotive devices; treatment of materials, namely, surface treatment of components and parts for automotive applications; treatment of materials, namely, surface treatment for components and parts for aerospace applications
Mark Drawing Code	(5) WORDS, LETTERS, AND/OR NUMBERS IN STYLIZED FORM
Serial Number	79179031
Filing Date	July 21, 2015
Current Basis	66A
Original Filing Basis	66A
Published for Opposition	September 13, 2016
Registration Number	5088859
International Registration Number	1279849
Registration Date	November 29, 2016
Owner	(REGISTRANT) Pravin Mistry INDIVIDUAL UNITED KINGDOM 7 Firth Street Apartment # 117, 1535 The Melting Point Huddersfield UNITED KINGDOM HD1 3BZ
Priority Date	January 21, 2015
Description of Mark	The color(s) dark grey and red is/are claimed as a feature of the mark. The mark consists of the letters "MLSE" in lower case, stylized dark grey font, with the top of the "E" being filled in red.

Schedule G

Pledged Securities

The Company is the owner of the membership or equity interests, as applicable, of its subsidiaries, as follows:

1. Restaurant Capital Group, LLC - 100% of Membership Interests
2. MTIX Limited, a company formed under the laws of England and Wales - 100% of Membership Interests

ANNEX A
to
SECURITY AGREEMENT

FORM OF ADDITIONAL DEBTOR JOINDER

Security Agreement dated as of April 11, 2019 made by Avalanche International, Corp. and its subsidiaries party thereto from time to time, as Debtors to and in favor of the Secured Parties identified therein (the "Security Agreement").

Reference is made to the Security Agreement as defined above; capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in, or by reference in, the Security Agreement.

The undersigned hereby agrees that, upon delivery of this Additional Debtor Joinder to the Secured Parties referred to above, the undersigned shall (a) be an Additional Debtor under the Security Agreement, (b) have all the rights and obligations of the Debtors under the Security Agreement as fully and to the same extent as if the undersigned was an original signatory thereto and (c) be deemed to have made the representations and warranties set forth therein as of the date of execution and delivery of this Additional Debtor Joinder. **WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE UNDERSIGNED SPECIFICALLY GRANTS TO THE SECURED PARTIES A SECURITY INTEREST IN THE COLLATERAL AS MORE FULLY SET FORTH IN THE SECURITY AGREEMENT AND ACKNOWLEDGES AND AGREES TO THE WAIVER OF JURY TRIAL PROVISIONS SET FORTH THEREIN.**

Attached hereto are supplemental and/or replacement Disclosure Schedules to the Security Agreement, as applicable.

An executed copy of this Joinder shall be delivered to the Secured Parties, and the Secured Parties may rely on the matters set forth herein on or after the date hereof. This Joinder shall not be modified, amended or terminated without the prior written consent of the Secured Parties.

IN WITNESS WHEREOF, the undersigned has caused this Joinder to be executed in the name and on behalf of the undersigned.

[Name of Additional Debtor]

By: _____

Name:

Title:

Address:

Dated:

ANNEX B
to
SECURITY AGREEMENT
THE AGENT

1. **Appointment.** The Secured Parties (all capitalized terms used herein and not otherwise defined shall have the respective meanings provided in the Security Agreement to which this Annex B is attached (the "Agreement")), by their acceptance of the benefits of the Agreement, hereby designate [] ("Agent") as the Agent to act as specified herein and in the Agreement. Each Secured Party shall be deemed irrevocably to authorize the Agent to take such action on its behalf under the provisions of the Agreement and any other Transaction Document (as such term is defined in the Purchase Agreement) and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of the Agent by the terms hereof and thereof and such other powers as are reasonably incidental thereto. The Agent may perform any of its duties hereunder by or through its agents or employees.

2. **Nature of Duties.** The Agent shall have no duties or responsibilities except those expressly set forth in the Agreement. Neither the Agent nor any of its partners, members, shareholders, officers, directors, employees or agents shall be liable for any action taken or omitted by it as such under the Agreement or hereunder or in connection herewith or therewith, *be responsible for the consequence of any oversight or error of judgment or answerable for any loss, unless caused solely by its or their gross negligence or willful misconduct as determined by a final judgment (not subject to further appeal) of a court of competent jurisdiction.* The duties of the Agent shall be mechanical and administrative in nature; the Agent shall not have by reason of the Agreement or any other Transaction Document a fiduciary relationship in respect of any Debtor or any Secured Party; and nothing in the Agreement or any other Transaction Document (as defined in the Purchase Agreement), expressed or implied, is intended to or shall be so construed as to impose upon the Agent any obligations in respect of the Agreement or any other Transaction Document except as expressly set forth herein and therein.

3. **Lack of Reliance on the Agent.** Independently and without reliance upon the Agent, each Secured Party, to the extent it deems appropriate, has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of the Company and its subsidiaries in connection with such Secured Party's investment in the Debtors, the creation and continuance of the Obligations, the transactions contemplated by the Transaction Documents, and the taking or not taking of any action in connection therewith, and (ii) its own appraisal of the creditworthiness of the Company and its subsidiaries, and of the value of the Collateral from time to time, and the Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Secured Party with any credit, market or other information with respect thereto, whether coming into its possession before any Obligations are incurred or at any time or times thereafter. The Agent shall not be responsible to the Debtors or any Secured Party for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith, or for the execution, effectiveness, genuineness, validity, enforceability, perfection, collectability, priority or sufficiency of the Agreement or any other Transaction Document, or for the financial condition

of the Debtors or the value of any of the Collateral, or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of the Agreement or any other Transaction Document, or the financial condition of the Debtors, or the value of any of the Collateral, or the existence or possible existence of any default or Event of Default under the Agreement, the Notes or any of the other Transaction Documents.

4. **Certain Rights of the Agent.** The Agent shall have the right to take any action with respect to the Collateral, on behalf of all of the Secured Parties. To the extent practical, the Agent shall request instructions from the Secured Parties with respect to any material act or action (including failure to act) in connection with the Agreement or any other Transaction Document, and shall be entitled to act or refrain from acting in accordance with the instructions of a Majority-in-Interest; if such instructions are not provided despite the Agent's request therefor, the Agent shall be entitled to refrain from such act or taking such action, and if such action is taken, shall be entitled to appropriate indemnification from the Secured Parties in respect of actions to be taken by the Agent; and the Agent shall not incur liability to any person or entity by reason of so refraining. Without limiting the foregoing, (a) no Secured Party shall have any right of action whatsoever against the Agent as a result of the Agent acting or refraining from acting hereunder in accordance with the terms of the Agreement or any other Transaction Document, and the Debtors shall have no right to question or challenge the authority of, or the instructions given to, the Agent pursuant to the foregoing and (b) the Agent shall not be required to take any action that the Agent believes (i) could reasonably be expected to expose it to personal liability or (ii) is contrary to this Agreement, the Transaction Documents or applicable law.

5. **Reliance.** The Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, statement, certificate, telex, teletype or facsimile message, cablegram, radiogram, order or other document or telephone message signed, sent or made by the proper person or entity, and, with respect to all legal matters pertaining to the Agreement and the other Transaction Documents and its duties thereunder, upon advice of counsel selected by it and upon all other matters pertaining to this Agreement and the other Transaction Documents and its duties thereunder, upon advice of other experts selected by it. Anything to the contrary notwithstanding, the Agent shall have no obligation whatsoever to any Secured Party to assure that the Collateral exists or is owned by the Debtors or is cared for, protected or insured or that the liens granted pursuant to the Agreement have been properly or sufficiently or lawfully created, perfected, or enforced or are entitled to any particular priority.

6. **Indemnification.** To the extent that the Agent is not reimbursed and indemnified by the Debtors, the Secured Parties will jointly and severally reimburse and indemnify the Agent, in proportion to their initially purchased respective principal amounts of Notes, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Agent in performing its duties hereunder or under the Agreement or any other Transaction Document, or in any way relating to or arising out of the Agreement or any other Transaction Document except for those determined by a final judgment (not subject to further appeal) of a court of competent jurisdiction to have resulted solely from the Agent's own gross negligence or willful misconduct. Prior to taking any action hereunder as Agent, the Agent

may require each Secured Party to deposit with it sufficient sums as it determines in good faith is necessary to protect the Agent for costs and expenses associated with taking such action.

7. Resignation by the Agent.

(a) The Agent may resign from the performance of all its functions and duties under the Agreement and the other Transaction Documents at any time by giving 30 days' prior written notice (as provided in the Agreement) to the Debtors and the Secured Parties. Such resignation shall take effect upon the appointment of a successor Agent pursuant to clauses (b) and (c) below.

(b) Upon any such notice of resignation, the Secured Parties, acting by a Majority-in-Interest, shall appoint a successor Agent hereunder.

(c) If a successor Agent shall not have been so appointed within said thirty (30)-day period, the Agent shall then appoint a successor Agent who shall serve as Agent until such time, if any, as the Secured Parties appoint a successor Agent as provided above. If a successor Agent has not been appointed within such thirty (30)-day period, the Agent may petition any court of competent jurisdiction or may interplead the Debtors and the Secured Parties in a proceeding for the appointment of a successor Agent, and all fees, including, but not limited to, extraordinary fees associated with the filing of interpleader and expenses associated therewith, shall be payable by the Debtors on demand.

8. Rights with respect to Collateral. Each Secured Party agrees with all other Secured Parties and the Agent (i) that it shall not, and shall not attempt to, exercise any rights with respect to its security interest in the Collateral, whether pursuant to any other agreement or otherwise (other than pursuant to this Agreement), or take or institute any action against the Agent or any of the other Secured Parties in respect of the Collateral or its rights hereunder (other than any such action arising from the breach of this Agreement) and (ii) that such Secured Party has no other rights with respect to the Collateral other than as set forth in this Agreement and the other Transaction Documents. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent and the retiring Agent shall be discharged from its duties and obligations under the Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of the Agreement including this Annex B shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent.

PATENT, TECHNICAL KNOW-HOW AND EQUIPMENT USE LICENSE AGREEMENT

This "Agreement" is made as of the "Effective Date" set forth below, and is by and between MTIX Limited, having a principal place of business at 35 Westgate, Huddersfield, HD1 1PA, West Yorkshire, England, United Kingdom, ("MTIX") and Stamperia di Govone S.r.l having a principal place of business at Via S. Barbara 11, 12051 Alba (CN) - Italy, ("SDG"), each a "Party", together, the "Parties" hereto.

RECITALS

- A. MTIX owns and has applied for certain Patents and Know-How and MLSE® Technology, as each term is further defined below relating to methods and apparatus for the treatment of textiles.
- B. MTIX will optimize its process algorithms for implementation of MLSE Technology in the digital printing field.
- C. SDG wishes to obtain a license and related MLSE Technology equipment from MTIX to exploit such Patents and Know-How for application to fabrics for cost efficient, processing of textiles including pre, and post treatment for digital printing of textiles.
- D. SDG owns certain proprietary technology for minimization of water usage in the digital printing field, independent of MLSE Technology.
- E. Following execution of this Agreement and successful demonstration of any production application of MLSE Technology for purposes of enhancement of the digital printing process, the Parties may enter into a separate, subsequent agreement to work together to combine each of their respective Intellectual Property ("IP"), and further exploit the combined technology by marketing and/or licensing such to third parties for the mutual benefit of SDG and MTIX.

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged MTIX and SDG do hereby mutually covenant and agree as follows:

1. Definitions

- 1.1. "Effective Date" means the date on which both of the following conditions have been fulfilled: 1) this Agreement has been executed by both Parties; and 2) MTIX receives the initial payment pursuant to Section 3.1.
- 1.2. "Cost Savings" has the meaning set forth in Section 3.3.
- 1.3. "Improvement(s)" means all developments, which MTIX or SDG may make in the Know-How prior to the termination of this Agreement, whether or not patentable, which are invented, developed, discovered or otherwise acquired by MTIX or SDG.
- 1.4. "Know-How" means all working knowledge of MTIX, Pravin Mistry, and other employees with regard to MLSE treatment of fabrics and textiles including, but not limited to, all software, methods, processes, notes, notebooks, and the like, whether or not proprietary to MTIX.
- 1.5. "License" has the meaning set forth in Section 2.1.
- 1.6. "Licensed Field" means the field of digitally printed textiles.

 1

1.7. "Minimum Royalty" has the meaning set forth in Section 3.3.

1.8. "MLSE® System" or "MLSE System," is defined as any and all systems and/or equipment using the MLSE Technology to treat fabrics to improve any or all of the printing process, product and cost, and is further set forth on APPENDIX B.

1.9. "MLSE® Technology" or "MLSE Technology" means the MTIX proprietary process incorporating patented hybrid energy comprised of laser and high voltage plasma to create functionalized, technical textiles.

1.10. "Patents" means all patent applications and patents owned by or licensed or assigned to MTIX relating to textile treatment, as well as product testing, including all continuations, continuations-in-part, divisions, reissues, re-examinations, and related foreign filings as are set forth in APPENDIX A.

1.11. "Per Meter Royalty" has the meaning set forth in Section 3.2.

1.12. "Product(s)" means: "MLSE treated fabrics," defined as any fabric or textile which is treated in an MLSE System to provide enhanced functional characteristics for printing and that are fit for commercialization having successfully passed the relevant test.

1.13. "Related Development" has the meaning set forth in Section 9.1 and 9.2.

1.14. "Term" has the meaning set forth in Section 13.1.

1.15. "Territory" has the meaning set forth in Section 2.1.

2. License Grant

2.1. Subject to all the terms and conditions of this Agreement, MTIX hereby grants to SDG, for use in the Licensed Field, a non-sublicensable, worldwide non-exclusive license of the Patents, the Know-How and the Improvements, to use the MTIX provided MLSE System and MLSE Technology in order to make, sell, offer to sell, export and import Products (the "License"), anywhere in the world (the "Territory").

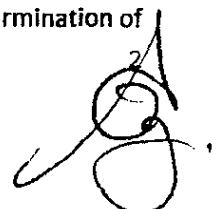
2.2. For any Product made, hereunder, and used or sold by SDG, SDG agrees to mark said Products with appropriate legends (provided by MTIX). The location, size and legibility of such markings will be in compliance with any generally accepted procedures for such markings.

3. Payments

3.1. SDG agrees to pay MTIX for the rights granted under this Agreement an initial license fee in the amount of €1,000.00, payable upon execution of this Agreement.

3.2. In addition to the amounts set forth above, SDG agrees to pay MTIX a minimum "per meter" royalty of €0.05 or 50% of the relevant Cost Savings (whichever is greater) for all Products sold by SDG (the "Per Meter Royalty") as provided for hereunder. The Per Meter Royalty will not exceed €0.15 per meter notwithstanding the number of processes or passes any particular piece of fabric makes through the MLSE System.

3.3. SDG agrees to pay MTIX a guaranteed monthly minimum royalty ("Minimum Royalty") in the amount of €50,000 after the first full month from the Effective date and until the termination of



the Agreement for any reason whatsoever provided, however, that the Minimum Royalty payments will not apply if both the following conditions are not satisfied in each relevant month when the Minimum Royalty should be paid: (i) the satisfactory demonstration of the process engineered algorithms realized by MTIX for SDG'S Products and the onset of production of any of the Products have occurred and; (ii) SDG produces a combined 400,000 meters of Product and, in using the MLSE Technology, SDG achieves savings of at least €50,000 per month when compared to the average monthly cost to produce similar products in SDG's last full fiscal year (the "Cost Savings"). Therefore, if both the above conditions are not satisfied (with respect to any single month autonomously considered) no Minimum Royalty is due and SDG will pay exclusively the Per Meter Royalty. Notwithstanding the foregoing, the Minimum Royalty, when due and paid, will apply as a credit against the total Per Meter Royalty due and owed in a given calendar month. In the event that SDG fails to pay the Minimum Royalty, MTIX has the right to terminate this Agreement as set forth in Section 13.2.

3.4. With each payment of any royalty due hereunder, SDG agrees to also provide MTIX with a written statement detailing the amounts remitted, and MTIX will have the right to perform an audit of SDG'S records to substantiate such written statement. In matters pertaining to this Agreement, specifically with respect to the manufacture, use, sale or other disposal of Products, SDG agrees to employ standard accounting practices, which will be in accordance with Generally Accepted Accounting Principles. If SDG elects to delay the onset of the Minimum Royalty based on SDG's claim that the Cost Savings has not yet been reached, then SDG will allow MTIX to audit SDG'S relevant financial reporting to confirm the actual savings realized.

3.5. During the Term, SDG agrees to pay all royalties due and payable hereunder: (i) no later than the last day of month following the period in which the royalty is earned; and (ii) in €, euros; and (iii) in such a form and at such place as MTIX may reasonably designate from time to time, without deduction or withholding. Each Party agrees to assist the other Party in claiming exemption from such deductions or withholdings under any double taxation or similar agreement or treaty from time to time in force, where specifically requested by a Party. If any currency conversion is required in connection with the payment of royalties hereunder, such conversion will be made by using the exchange rate prevailing at Citibank, N.A. in New York, New York on the last business day of the calendar month reporting period to which such royalty payments relate.

4. MLSE System and Limitations of Liability; Indemnification and Insurance

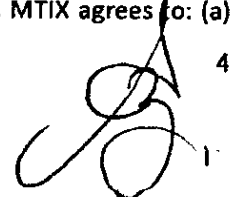
4.1. MTIX agrees to assume all costs associated with the providing of the MLSE System including the cost of the physical equipment plus shipping costs, rigging, installation, training, service, maintenance, on-line monitoring of performance and production plus comprehensive damage and liability insurance. MTIX agrees to be responsible and SDG herewith acknowledges permission, for installation and maintenance of a dedicated high-speed internet connection to enable MTIX to monitor the MLSE System performance, diagnose system faults and manage associated software to provide software updates and program changes as well as monitor production quantities and other Product characteristics.

4.2. SDG agrees to provide, at the expense of SDG, all associated site preparation according to engineering specified and provided by MTIX. SDG agrees to provide an adequate supply of staff, personnel, infrastructure, utilities and consumables in order to accomplish the intents and purposes of this Agreement.



3

- 4.3. *Disclaimer of MTIX Representations and Warranties.* EXCEPT AS SPECIFICALLY SET FORTH HEREIN, MTIX EXPRESSLY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, WHETHER WRITTEN, ORAL, EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, CONCERNING THE ACCURACY, COMPLETENESS, SAFETY, USEFULNESS FOR ANY PURPOSE, OR LIKELIHOOD OF SUCCESS (COMMERCIAL, REGULATORY OR OTHER) OF THE PRODUCTS, KNOW-HOW, AND ANY OTHER TECHNICAL INFORMATION, TECHNIQUES, MATERIALS, METHODS, PRODUCTS, PROCESSES, OR PRACTICES AT ANY TIME MADE AVAILABLE BY MTIX INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY, QUALITY, FITNESS FOR A PARTICULAR PURPOSE. WITHOUT LIMITATION TO THE FOREGOING, MTIX SHALL HAVE NO LIABILITY WHATSOEVER TO SDG OR ANY OTHER PERSON FOR OR ON ACCOUNT OF ANY INJURY, LOSS, OR DAMAGE, OF ANY KIND OR NATURE, SUSTAINED BY, OR ANY DAMAGE ASSESSED OR ASSERTED AGAINST, OR ANY OTHER LIABILITY INCURRED BY OR IMPOSED ON SDG OR ANY OTHER PERSON, ARISING OUT OF OR IN CONNECTION WITH OR RESULTING FROM: (A) THE MANUFACTURE, USE, OFFER FOR SALE, SALE, OR IMPORT OF A PRODUCT, OR THE PRACTICE OF THE PATENTS.
- 4.4. *Exclusion of Consequential and Other Indirect Damages.* TO THE FULLEST EXTENT PERMITTED BY LAW, EITHER PARTY WILL NOT BE LIABLE TO THE OTHER PARTY OR ANY OTHER PERSON FOR ANY INJURY TO OR LOSS OF GOODWILL, REPUTATION, BUSINESS, PRODUCTION, REVENUES, PROFITS, ANTICIPATED PROFITS, CONTRACTS, OR OPPORTUNITIES (REGARDLESS OF HOW THESE ARE CLASSIFIED AS DAMAGES), OR FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, PUNITIVE, OR ENHANCED DAMAGES WHETHER ARISING OUT OF BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, PRODUCT LIABILITY, OR OTHERWISE (INCLUDING THE ENTRY INTO, PERFORMANCE, OR BREACH OF THIS AGREEMENT), REGARDLESS OF WHETHER SUCH LOSS OR DAMAGE WAS FORESEEABLE OR THE PARTY AGAINST WHOM SUCH LIABILITY IS CLAIMED HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.
- 4.5. *SDG Responsibility.* SDG agrees that it will be responsible for damage to its property and property owned by MTIX and bailed to SDG, and for injury or death of its personnel and agents caused by willful misconduct or gross negligence of the personnel or agents of SDG, during the performance of this Agreement. SDG agrees to fully release MTIX from any and all liability for loss or damage so caused to its properties, and further agrees to indemnify and hold harmless MTIX against all claims and causes of action arising out of such damage to property or such injury or death of personnel or agents unless it can be proven that any such damage is solely due to the negligence of MTIX.
- 4.6. *SDG's Indemnification.* Notwithstanding anything to the contrary herein, SDG agrees to: (a) indemnify and hold harmless MTIX against any and all losses, damages, injuries and any other liabilities arising out of any breach by SDG of the provisions of this Agreement, including the sale of the Products to end-use customers, (b) defend, at its own expense, any and all actions, suits and other legal proceedings that may be commenced against MTIX and/or SDG arising out of or in connection with the operation of SDG's business, including the sale of the Products to end-use customers, and (c) pay or satisfy any judgment that may be rendered against MTIX and/or SDG in any such action, suit or legal proceeding.
- 4.7. In any case, the Parties agree that the aggregate amount of any sums due by SDG's to MTIX as a result of the enforcement of the above paragraphs 4.5. and 4.6. for SDG's responsibility and indemnification will not exceed the amount of USD \$ 100,000.00.
- 4.8. *MTIX's indemnification.* Notwithstanding anything to the contrary herein, MTIX agrees to: (a)



4

indemnify and hold harmless SDG against any and all losses, damages, injuries and any other liabilities arising out of or in connection with the breach by MTIX of the provisions of this Agreement (b) defend, at its own expense, any and all actions, suits and other legal proceedings that may be commenced against MTIX and/or SDG arising out of or in connection with the breach by MTIX of the provisions of this Agreement, and (c) pay or satisfy any judgment that may be rendered against MTIX and/or SDG in any such action, suit or legal proceeding.

- 4.9. *Insurance.* SDG agrees to maintain throughout the Term, suitable product liability insurance covering the distribution of the Products in the Territory, and commercial general liability and umbrella insurance policies in amounts of at least the equivalent to current SDG policy coverage for comparable equipment, for each occurrence.

5. Bailment Agreement

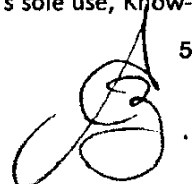
- 5.1. A description and specification of MTIX's MLSE System (Generation IV), is hereby incorporated for purposes of identification and reference only and is provided in APPENDIX B.
- 5.2. Attached to this Agreement as APPENDIX C, incorporates that certain bailment agreement of even date herewith (the "Bailment Agreement") governing the Parties' respective rights and obligations relative to the MTIX owned MLSE System bailed to SDG at their Govone facility for the express purposes described in this Agreement. The MLSE System remains the property of MTIX in perpetuity and SDG agrees to execute any documents MTIX may require as evidence of, and security for, MTIX's chattel rights.
- 5.3. MTIX, at its sole discretion, reserves the right to remove and repossess its MLSE System in the event that MTIX determines SDG has breached the Bailment Agreement. In such case, this Agreement will terminate as set forth in Section 13 hereof. To the extent that the terms of this Agreement and the Bailment Agreement conflict, the terms of this Agreement will control.
- 5.4. MTIX, at its sole discretion, agrees, upon receipt of a written request from SDG, to consider in good faith, the potential outright purchase of the MLSE Technology equipment described in APPENDIX B of this Agreement.

6. Records; Reports

- 6.1. SDG agrees to keep complete records covering all activities specified in this Agreement, in sufficient detail to enable MTIX to confirm SDG's compliance hereunder.
- 6.2. SDG agrees to provide MTIX with written reports no less frequently than monthly, as MTIX may request regarding SDG's duties under Section 3 hereunder.
- 6.3. MTIX may, at its expense, audit each written report, submitted by SDG to MTIX and that SDG will make available to MTIX's representative any and all records necessary and appropriate for the verification of the report being audited. Said representative will maintain confidential all information he/she learns in the course of examining the SDG's records, with the exception that he/she may disclose to MTIX such information as directly relates to SDG's obligations under this Agreement.

7. Research & Development; Furnishing Know-How

- 7.1. MTIX agrees to disclose to SDG, from time to time during the Term, for SDG's sole use, Know-



5

How relating to the production of Products, but only to the extent that such Know-How is owned by MTIX on the Effective Date, acquired or developed by MTIX during the Term, and further only to the extent that MTIX can permit SDG to use such Know-How without incurring breach of contract, breach of confidence or any obligation or liability to pay, grant or transfer any money, property or right to any third party.

8. Confidentiality

8.1. Appendix D shall apply.

9. Improvements and Related Developments

9.1. SDG understands and agrees that any and all MLSE Technology or Product related improvements ("Improvement(s)") and "Related Developments" (as further defined below) including ideas, inventions, developments, techniques, methods, formulations, algorithms, process algorithms, products, trade secrets and applications, whether patentable or not, made or conceived solely by SDG, or jointly with MTIX, or a third party entrusted by MTIX as a result of having access to MTIX's Patents, Know-How and MLSE System, will be and will remain MTIX's sole and exclusive property. SDG agrees to promptly submit to MTIX a written disclosure of any such Improvements and keep such Improvements confidential for a time sufficient to provide MTIX the opportunity to secure patent or other rights in such Improvements. To the extent that in the course of its performance under this Agreement SDG obtains any rights in any Improvements under applicable law (e.g., droit moral, moral rights of authors, shop rights, etc.), that SDG hereby assigns to MTIX, the entire right, title and interest in all such Improvements, and agrees that SDG will at any time, at the request and expense of MTIX, render all reasonable assistance, execute any papers and take such other actions as MTIX may consider necessary to vest, perfect, defend, maintain and/or secure MTIX's rights in such Improvements. SDG agrees that no additional compensation is due for such Improvements or the assignment thereof to MTIX. MTIX hereby agrees that all such Improvements will constitute Improvements for all purposes of this Agreement. Notwithstanding the foregoing, SDG may request, in writing, that MTIX, in good faith, consider potential joint ownership of any Improvements and Related Developments made by SDG. This section will survive termination of this Agreement. As used in this Agreement, "Related Development" means:

- a) Any improvement in the method of manufacturing Products including, but not limited to, any one or more of the following ways: (1) reduces production costs, (2) improves performance, reliability, or durability, (3) increases service life, (4) broadens applicability, (5) increases marketability, or (6) improves appearance.
- b) Any modification to licensed inventions, which comes within the scope of (i.e., infringes) one or more claims of Patents.
- c) Any product, apparatus, or process, which supplements or complements MLSE Systems.
- d) Any invention or discovery of any new apparatus or component thereof, or method for producing the Products.

10. Patent Protection

10.1. During the Term, MTIX agrees to pay all cost and expense incurred by MTIX relating to patent filings, patent prosecution and maintenance fees in the United States and foreign countries, for Patents, Know-How and Improvements related to Products. MTIX undertakes to keep the Patents valid in the Territory over the Term of this Agreement.

10.2. MTIX and SDG agree that MTIX will, in its sole discretion, control all patent filings, patent prosecution and payment of maintenance fees in the United States and foreign countries. Except as otherwise provided herein, MTIX will: (1) file in the United States Patent and Trademark Office applications for Letters Patent covering Know-How and Improvements "Applications," (2) prosecute said applications, and (3) maintain in force any patents issued on said applications.

10.3. If, at any time during the Term, MTIX intends to allow any of said Applications, or any patent granted thereon, to lapse or to become abandoned or forfeited without having first filed a substitute, MTIX will notify SDG in writing of its intention at least thirty (30) calendar days before the date on which the Application(s) or patent(s) is due to lapse or to become abandoned or forfeited.

11. Infringement

11.1. Except as hereinafter provided, MTIX will at all times have the sole right to take whatever steps it deems necessary or desirable to enforce the Patents, including the filing and prosecution of patent litigation and MTIX has the right to include SDG as a party in such litigation where necessary for the conduct thereof.

a) MTIX has the sole right to determine whether or not any action will be taken on account of any infringement or alleged infringement of said Patents. If SDG requests MTIX in writing to suppress any such infringement (identifying in the request the infringer and the circumstances of the infringement), and MTIX fails to file suit against the identified infringer, or to otherwise cause the identified infringement to cease, within six (6) months of SDG's request, SDG will have the right to file suit against, and the right to negotiate and enter into a pre-litigation or pending-litigation settlement with, the identified infringer.

b) If one Party enters into negotiations with a third party relative to a pre-litigation settlement of a claim for infringement of said Patents:

- i. Said one Party will keep the other Party herein fully informed as to the progress of such negotiations.
- ii. Said other Party will render all reasonable assistance to said one Party in such negotiations at the expense of said one Party.
- iii. Said other Party will have the right to be represented in such negotiations by counsel of its own selection at its own expense,
- iv. The terms of any settlement will be subject to the approval of said other Party, which approval will not be unreasonably withheld, and
- v. If requested by said one Party, said other Party agrees to join with said one Party in signing any settlement agreement approved by said other Party.

c) All expenses, including reasonable attorney fees, incurred in the prosecution of any suit against a third party for infringement of said Patents, or negotiations, whether a settlement is consummated or not, will be borne by the Party bringing suit to the third party.

d) Any sums recovered in any suit against a third party for infringement of said Patents or in any settlement thereof will be used, first, to pay any outstanding bills for expenses arising from the prosecution and any settlement of the suit, and to reimburse the Parties herein for their contributions to such expenses; and, then, will be shared by the Parties, 10% to MTIX and 90% to SDG provided SDG has paid the expenses; if MTIX has funded the litigation, MTIX will receive 90%

and SDG will receive 10% of any recovery, after expenses.

12. Governing Law and Dispute Resolution

12.1. The laws of the State of Michigan in the United States of America, irrespective of its conflicts of law principles will govern the validity of this Agreement, the construction of its terms, and the interpretation and enforcement of the rights and duties of the Parties. Where applicable, the terms hereof will be interpreted consistent with the definitions set forth in the Incoterms of the International Chamber of Commerce, 2010 edition. The Parties specifically agree that the 1980 United Nations Convention on Contracts for the International Sale of Goods, as may be amended from time to time, will not apply to this Agreement. Should any provision of this Agreement require judicial/arbitral interpretation, the Parties expressly agree that both Parties have had opportunity to participate in the drafting of this Agreement, and that terms hereof will not be construed more strictly against either Party.

12.2. The Parties acknowledge and agree that if they cannot first resolve any claims, disputes or controversies through mutual agreement amongst the Parties, then all such claims, disputes and controversies between the Parties hereto arising out of or in connection with this Agreement, relating to the validity, construction, interpretation performance, breach, enforcement or termination thereof, or otherwise, will be exclusively and finally settled by the competent court of the State of Utah, U.S.A. Each Party irrevocably and unconditionally submits to the exclusive jurisdiction of such courts. Each Party agrees that a final judgment in any such action, litigation, or proceeding is conclusive and may be enforced in other relevant jurisdictions by suit on the judgment, or in any other manner provided by law or equity.

13. Term and Termination

13.1. Unless otherwise agreed to by the Parties in writing, this Agreement will commence upon the Effective Date and will remain in effect until terminated pursuant to the terms of this Agreement ("Term"). The Term will last from the Effective Date until the expiration of all licensed Patents or termination of SDG's use of the licensed Know-How and the MLSE System, whichever is later; provided, however, that such termination will be without prejudice to any other rights or claims MTIX may have against SDG.

13.2. Notwithstanding the foregoing, either Party shall be entitled to withdraw from this Agreement, at its sole discretion at any time during the Term, by giving the other Party a six-month prior written notice.

13.3. In the event of default or failure by SDG to perform under any of the terms, covenants or provisions of this Agreement, including, but not limited to, the provisions of Article 3 hereof, SDG will have thirty (30) calendar days after the giving of written notice of such default to correct such default. If such default is not corrected within the said thirty (30) calendar-day period, MTIX will have the right, at its option, to cancel and terminate this Agreement. The failure of MTIX to exercise such right of termination for non-payment of royalties or otherwise will not be deemed to be a waiver of any right MTIX might have, nor will such failure preclude MTIX from exercising or enforcing said right upon any subsequent failure by SDG. At MTIX's option, the License granted hereunder will be terminated upon failure of SDG to pay the Minimum Royalties to MTIX.

13.4. MTIX will have the right, at its option, to immediately cancel and terminate this Agreement and retrieve the MLSE System in the event that SDG: (a) becomes involved in insolvency,

dissolution, bankruptcy or receivership proceedings affecting the operation of its business, (b) makes an assignment of all or substantially all of its assets for the benefit of creditors, or in the event that, (c) a receiver or trustee is appointed for SDG and SDG, after the expiration of thirty (30) calendar days following any of the events enumerated above, is unable to secure a dismissal, stay or other suspension of such proceedings, or (d) that SDG has breached any of the terms of the Bailment Agreement.

13.5. In the event of default or failure by MTIX to perform under any of the terms, covenants or provisions of this Agreement, MTIX will have thirty (30) calendar days after the giving of written notice of such default to correct such default. If such default is not corrected within the said thirty (30) calendar-day period, SDG will have the right, at its option, to cancel and terminate this Agreement. The failure of SDG to exercise such right of termination will not be deemed to be a waiver of any right SDG might have, nor will such failure preclude SDG from exercising or enforcing said right upon any subsequent failure by MTIX.

13.6. SDG will have the right, at its option, to immediately cancel and terminate this Agreement in the event that MTIX: (a) becomes involved in insolvency, dissolution, bankruptcy or receivership proceedings affecting the operation of its business, (b) makes an assignment of all or substantially all of its assets for the benefit of creditors, or in the event that, (c) a receiver or trustee is appointed for MTIX and MTIX, after the expiration of thirty (30) calendar days following any of the events enumerated above, is unable to secure a dismissal, stay or other suspension of such proceedings. Upon such termination, SDG will immediately cease-and-desist from using MTIX's MLSE System and Technology and surrender to MTIX all MTIX property and all accessions thereto.

13.7. In the event of termination of this Agreement, all rights to the Patents, Know-How and Improvements will revert to MTIX and MTIX will have the uncontested right to repossess or remove the MLSE System from the facilities where it is installed. Furthermore, if this Agreement is terminated pursuant to Paragraph 13.4 and 13.5., then MTIX will be automatically and fully released from any and all of its obligations under this Agreement and SDG will cooperate with MTIX to the fullest degree possible to aid in MTIX's recovery and repossession of the MLSE System.

13.8. Upon termination of this Agreement for any reason whatsoever, either Party agrees that: (a) it will make no further use of the other Party's confidential information and that it will keep such information secret, and (b) SDG will immediately deliver to MTIX, the MLSE System and all accessions thereto, as well as all such confidential information as will be in written or other tangible form (including all copies thereof), together with all other tangible property which MTIX provided to SDG.

14. Compliance with Laws

14.1. *Patent Marking.* Without limiting the generality of the foregoing, SDG agrees to comply with the patent marking provisions of 35 USC § 287(a) by marking all Products with the word "patent" or the abbreviation "pat." and either the numbers of the relevant Patents or a web address that is freely accessible to the public and that associates the Products with the relevant Patents.

14.2. *Regulatory Clearance.* SDG agrees to, at SDG's expense, comply with all regulations and safety standards concerning Products developed and commercialized by or under the authority of SDG



9


hereunder, and obtain all necessary governmental approvals for the development, production, distribution, sale, and use of Products developed and commercialized by or under the authority of SDG hereunder, including any safety or clinical studies. SDG has the responsibility to provide suitable warning labels, packaging, and instructions as to the use for such Products.

14.3. *Recordation of License.* If recordation of this Agreement or any part of it by a national or supranational agency is necessary for either Party to fully enjoy the rights, privileges, and benefits of this Agreement, the Parties interested in such a recordation will record, at its own expense, this Agreement or all such parts of this Agreement and information concerning the license granted hereunder with each such appropriate national or supranational patent agency pursuant to the applicable regulation

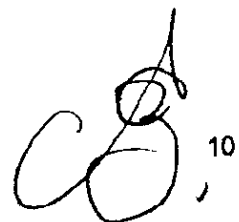
14.4. *Export Compliance.* SDG will not, directly or indirectly, export or re-export the Products (including any associated products, items, articles, computer software, media, services, technical data, and other information) in violation of any applicable laws. SDG agrees to do its best to include a provision identical in substance to this Section 14.4 in its agreements with its third party wholesalers, distributors, customers, and end-users requiring that these persons comply with all applicable laws, including all applicable export laws.

15. Miscellaneous

15.1. *Relationship of the Parties.* Neither this Agreement, nor any transaction under or relating to this Agreement, will be deemed to create an agency, partnership or joint venture relationship between the Parties. It is understood and agreed that SDG is not, by this Agreement or anything herein contained, constituted or appointed the agent or representative of MTIX for any purpose whatsoever; and that neither this Agreement, nor any transaction under or relating to this Agreement, will be deemed or construed as granting to any right or authority to assume or to create any obligation or responsibility, express or implied, for or in behalf of or in the name of MTIX, and vice versa, SDG agrees that it will not in any way act as an agent or representative of MTIX for any purpose whatsoever; that it will not incur any obligation or responsibility for or on behalf of or in the name of MTIX; and that it will not use the name of MTIX in its trade or business except as specifically required or authorized herein.

15.2. *Mutual Representations and Warranties of the Parties.* Each Party represents and warrants to the other Party that as of the Effective Date:

- a) it is duly organized, validly existing, and in good standing as a corporation or other entity as represented herein under the laws and regulations of its jurisdiction of incorporation, organization, or chartering;
- b) it has the full right, power, and authority to enter into this Agreement and to perform its obligations hereunder;
- c) the execution of this Agreement by its representative whose signature is set forth at the end hereof has been duly authorized by all necessary corporate action of the Party; and
- d) when executed and delivered by such Party, this Agreement shall constitute the legal, valid, and binding obligation of that Party, enforceable against that Party in accordance with its terms.



10

15.3. *MTIX's Representation and Warranties.* MTIX represents and warrants that it owns the Patents listed in APPENDIX A.

15.4. *Assignment.* This Agreement or any interest of MTIX herein, is assignable and transferable by MTIX; and inure to the benefit of MTIX, its legal representatives, executors, administrators, heirs and assigns. Neither this Agreement, nor any interest herein, is assignable by SDG (whether by way of assignment, sublicense, operation of law or otherwise). Any attempted assignment or transfer by SDG without first obtaining the written consent of MTIX (which consent will not be unreasonably withheld) thereto will, at MTIX's option, become null and void, and will, at MTIX's option, forthwith terminate and cancel this Agreement and all rights of SDG hereunder.

15.5. *Notices.* All notices, requests, consents, claims, demands, waivers, and other communications hereunder (other than routine communications having no legal effect) will be in writing and will be deemed to have been given in accordance with this Section:

If to MTIX:

Pravin Mistry
President and CEO
35 Westgate, Huddersfield,
HD1 1PA, West Yorkshire,
England, UK
E-mail: pmistry@mti-x.com
Attention: President and CEO

If to SDG:

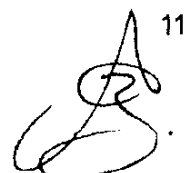
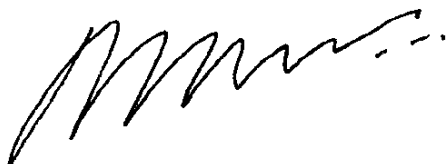
Stamperia di Govone S.r.l.
Via Statale Asti Alba 17
12040 Govone (Cn) Italy
E-mail: alessandro.torre@miroglia.com
Attention: Alessandro Torre

Notices sent in accordance with this Section 15.5 will be deemed effectively given: (a) when received, if delivered by hand (with written confirmation of receipt); (b) when received, if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail, in each case, with confirmation of transmission), or if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient.

15.6. *No Third-Party Beneficiaries.* This Agreement is for the sole benefit of the Parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person any legal or equitable right, benefit, or remedy of any nature whatsoever, under or by reason of this Agreement.

15.7. *Entire Agreement.* This Agreement merges all prior discussions, negotiations, commitments and writings between the Parties in respect to the subject matter hereof. Neither this Agreement, nor any of its provisions, will be released, discharged, abandoned, waived, changed or modified in any manner except by an instrument in writing signed by a duly authorized officer of each of the Parties.

15.8. *Waiver.* Failure of either Party to insist upon the strict performance of any provisions hereof

 11

or to exercise any right or remedy will not be deemed a waiver of any right or remedy with respect to any existing or subsequent breach or default; the election by either Party of any particular right or remedy will not be deemed to exclude any other.

15.9. *Severability.* If any provision or provisions of this Agreement in any way contravene a law of any state or country in which the Agreement is effective, the remaining provisions of this Agreement will not be affected thereby and this Agreement will be modified to confirm with such law.

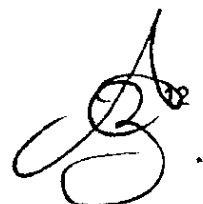
15.10. *Headings and Attachments.* The headings of the Articles and sections of this Agreement are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. All appendices, exhibits and/or attachments hereto, are incorporated into this Agreement, as if fully set forth herein.

15.11. *Force Majeure.* Neither Party will be in default hereunder by reason of any failure or delay in the performance of its obligations hereunder, except for SDG's payment obligations, where such failure or delay is due to any cause beyond its reasonable control, including strikes, labor disputes, civil disturbances, riot, rebellion, invasion, epidemic, hostilities, war, terrorist attack, embargo, natural disaster, acts of God, flood, fire, sabotage, fluctuations or non-availability of electrical power, heat, light, air conditioning, or Licensee equipment, loss and destruction of property, or any other circumstances or causes beyond such Party's reasonable control.

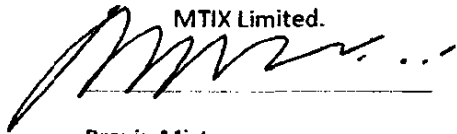
15.12. *Survival.* The rights and obligations of the Parties set forth in Section 1 (Definitions), Section 3 (Payments), Section 4 (MLSE System and Limitations of Liability; Indemnification and Insurance), Section 8 (Confidentiality), Section 10 (Patent Protection), and Section 15 (Miscellaneous), and any right, obligation, or required performance of the Parties in this Agreement which, by its express terms or nature and context is intended to survive termination or expiration of this Agreement, shall survive any such termination or expiration.

15.13. *Anti-Bribery.* SDG represents and warrants that it is familiar with the provisions of the Foreign Corrupt Practices Act of 1977 of the United States of America, 15 U.S.C. §§ 78dd-1, et seq. ("FCPA"), which among other things, prohibits the making of corrupt payments. SDG agrees that it will abide by all applicable anti-bribery laws, and hereby agrees that it will not take or permit any action which will either constitute a violation under, or cause MTIX, or its affiliates, to be in violation of, the FCPA or any applicable local anti-bribery laws.

[Signature Page Follows]

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IN WITNESS WHEREOF, the Parties hereto, intending to be legally bound, have caused this Agreement to be executed by their duly authorized representatives on and as of the Effective Date.

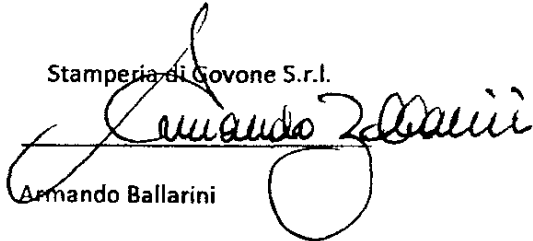


MTIX Limited.

Pravin Mistry

President and CEO

Date: March 14, 2018



Stamperia di Govone S.r.l.

Armando Ballarini

CEO

Date: March 14, 2018

APPENDIX A

PATENTS

1

Patents and patent applications for inventions designated PM-1 and PM-2
of MTIX Limited, UK

Our reference	Application number/ Publication number	Application date	Date of grant	Priority date	Status	Title	Country
<u>Invention PM-1</u>							
MTI 13211 WO	PCT/GB2012/051516 (Appl. No.); WO 2013001306 (Publ. No.)	28.06.2012		28.06.2011 (US)	nationalized	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	PCT-Application (WO)
MTI 13211 WO_AU	2012277526 (Patent No.)	28.06.2012	16.02.2017	28.06.2011 (US)	granted	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	Australia based on PCT
MTI 13211 WO_BR	BR 11 2013 033473-8 (Appl. No.)	28.06.2012		28.06.2011 (US)	pending examination is in progress (published on July 4, 2017)	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	Brazil based on PCT
MTI 13211 WO_CA	2,639,820 (Appl. No.)	28.06.2012		28.06.2011 (US)	pending examination is in progress	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	Canada based on PCT
MTI 13211 WO_CN	201280032253.6 (Appl. No.)	28.06.2012	07.09.2016	28.06.2011 (US)	granted	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	China based on PCT
MTI 13211 WO_EP	EP 12 753 547.4 (Appl. No.); EP 2 726 966 (Publ. No.)	28.06.2012		28.06.2011 (US)	pending Examination is in progress	Method and apparatus for surface treatment of materials utilizing multiple combined energy sources	European patent based on PCT

Cremer & Cremer

14 September 2017

APPENDIX B

MLSE System (Generation IV)

MLSE System Serial number 004 (Textile) comprising of:

- | | | |
|-------------------------------|---------------|--------|
| • 4 zone plasma treater | Serial number | PL1702 |
| • 1000mJ UV laser | Serial number | CH1304 |
| • Textile handling system | Serial number | BC1403 |
| • Control integration package | Serial number | PK1204 |
| • Ancillaries package | Serial number | UF1701 |



APPENDIX C

BAILMENT AGREEMENT

Between
MTIX Ltd
and
Stamperia di Govone S.r.l.

THIS BAILMENT AGREEMENT (hereafter referred to as "Agreement") is entered into as of _____ 2018, by and between Stamperia di Govone S.r.l., (hereafter referred to as "Bailee") and MTIX Ltd, (hereafter referred to as "Bailor"). In recognition of the mutual promises, and other good and valuable consideration, receipt of which is hereby acknowledged, Bailor agrees to deliver and Bailee agrees to accept the bailment of certain of Bailor's property, at no cost to Bailee, as described hereinbelow.

1. Description of Bailed Property

Bailor shall bail to the Bailee property (hereinafter "Property") identified as: MTIX's proprietary MLSE® System more fully described in APPENDIX B of the attached Patent, Technical Know-How and Equipment Use License (the "License Agreement") executed between the Parties.

2. Value of Property

The value of the Property at the time of bailment to Bailee is estimated by MTIX to have an aggregate value of €4,000,000. For the purposes of Section 1806 of the Italian Civil Code and as a condition for the applicability of the referred Section 1806, MTIX shall provide Stamperia di Govone S.r.l. with objective evidence of the above estimation.

3. Security

Bailee hereby agrees to execute any documentation deemed necessary and requested by Bailor to perfect its ownership in the Property.

4. Place of Delivery

The Property shall be delivered to Bailee at Govone, on or before _____ 2018.

5. Place of Return

The Property shall be returned by the Bailee to the Bailor at the facilities of Bianco S.p.A., Alba on expiration or termination of the License Agreement, with transportation paid by Bailor. This period of bailment may be extended by the parties. In any event, Bailee shall allow Bailor reasonable access to and the right to remove the Bailor's property solely upon Bailor's request.

6. Purpose

Bailee shall use the Property only for the purpose of treatment of textiles and in conjunction with and subject to the terms of the Patent, Technical Know-How and Equipment Use License of even date and incorporated herein by reference, Bailee's use shall comply with all applicable laws and regulations, and with applicable requirements and instructions so long as those applicable requirements and/or instructions are provided in writing by Bailor to Bailee.

7. Point of Contact

The individuals serving as points of contact for the Property are:

Bailor for MTIX (Pravin Mistry) Phone # _____ Email address: _____

Bailee for Stamperia di Govone (Alessandro Torre) Phone # _____ Email address: _____

8. Title and Transfer of Property

Title to the Property furnished pursuant to this Agreement shall remain with Bailor and Bailee shall not sell, transfer, lease, mortgage, borrow against, pledge or otherwise create a legal or equitable interest by any third party in the Property.

9. Warranty

Bailor warrants that the Property shall be delivered to Bailee in good operating conditions and capable of performing its intended use. BAILOR MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, AS TO THE PROPERTY'S CONDITION, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE.

10. Liability for Loss of Property

Bailee assumes the risk of, and shall be responsible for, any loss or damage to the Property while the Property is in Bailee's possession or control. Bailee shall return the Property in as good a condition as possible, except for reasonable wear and tear thereof.

11. Limitations of Liability

In no event shall either Bailee or Bailor be liable to the other for special, incidental, or consequential damages arising out of or connected in any way with the bailment, use, or operation of this Property.

12. Applicable Law

This Agreement shall be construed and interpreted in accordance with the laws of Italy without resort to said country's Conflicts of Laws rules. If any provision is found to be illegal or otherwise unenforceable by any court or other judicial or administrative body, the other provisions shall not be affected thereby and shall remain in full force and effect.

13. Assignment

Neither party shall assign any of its rights or obligations under this Agreement without the prior written consent of the other party.

14. Complete Agreement

This Agreement constitutes the complete and final Agreement between the parties and supersedes all prior representations and agreements of the parties with respect to the subject matter hereof.

MTIX Limited.

Stamperia di Govone S.r.l.

Pravin Mistry
President and CEO
Date: _____

Armando Ballarini
CEO
Date: _____

APPENDIX D

CONFIDENTIALITY AGREEMENT



PROPRIETARY TRADE SECRET AND CONFIDENTIAL INFORMATION AGREEMENT

This CONFIDENTIALITY AGREEMENT (this "Agreement") is entered into as of this 14th day of March 2018, by and between **MTIX Ltd** with its principal place of business at 35 Westgate, Huddersfield, HD1 1PA, West Yorkshire, England, United Kingdom ("**MTIX**"), and **STAMPERIA di GOVONE, S.r.l.**, having a place of business at Via S. Barbara 11, 12501 Alba (CN) - Italy, (SDG or the "**Company**"). For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, MTIX and the Company hereby agree as follows:

1. MTIX and the Company each possesses valuable business and technical information, know-how and trade secrets (whether written or oral) related to their and their subsidiaries' current, future and proposed products, including, but not limited to, research, developments, improvements, methods, procedures, discoveries, patents, patent applications, inventions, processes, formulas, technology, designs, models, drawings, product plans, products, services, customers, customer lists, strategies, studies, business plans, forecasts, markets, techniques, engineering, testing systems, hardware configuration information, computer software and programmes (including source code and related documentation), test and/or experimental data and results, laboratory notebooks, marketing, finances or other business information including manufacturing/treatment systems for textiles and films printing, and results of proof of concept and product development trials (herein collectively referred to as "Confidential Information"). Confidential Information shall include any and all information relating to each party's subsidiaries, affiliates, clients, customers, investors and joint venture and strategic partners.
2. MTIX and the Company are entering licensing relationship whereby each party has and will disclose Confidential Information to the other party. Neither party shall communicate the other party's Confidential Information to any third party without the prior written consent of the originating party. Each party shall use its best efforts to prevent inadvertent disclosure of the other party's Confidential Information to any third party; provided, however, that each party may disclose on a need-to-know basis the Confidential Information to its directors, officers, employees and advisors (collectively "Representatives"), it being understood that such Representatives shall be informed of the confidential nature of the Confidential Information and agree to be bound by the provisions hereof. Each party agrees to be responsible for any breach of this Agreement by its Representatives.
3. The obligation of Section 2 of this Agreement shall terminate with respect to any particular portion of either party's Confidential Information when the other party can document that the information is part of the public domain other than as a result of that party's or another person's breach of duty to maintain confidentiality, or was known by the other party at the time of its disclosure, or is provided to the receiving party by a third party without any restriction on disclosure and without breach of any obligation of confidentiality to a party of this Agreement; or independently developed by the receiving party without use of the Confidential Information.

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18

4. In the event that either party is requested or required (by oral question or request for information or documents and legal proceedings, interrogatories, subpoena, civil investigative demand or similar process) to disclose Confidential Information of the other party, or if either party is advised by its legal counsel that it is legally required to disclose the Confidential Information, it is agreed that the party being advised to disclose such Confidential Information
- i. *will provide the other party prompt notice of any request or requirement,*
 - ii. *will provide the other party full and complete cooperation to seek an appropriate order or remedy,*
 - iii. *will cooperate with the other party in obtaining reliable assurances that confidential treatment will be accorded to the disclosure of Confidential Information, and*
 - iv. *will, if disclosure of said Confidential Information is required, disclose only that portion of the Confidential Information which is legally required to be disclosed.*
5. All materials including, without limitation, business or technical documents, drawings, models, apparatus, sketches, designs and lists furnished to either party by the other party shall remain the property of the party providing such materials and shall be returned to that originating party promptly at its request with all copies, extracts or other reproductions (including computer tapes or discs) made thereof. It is further agreed that the party receiving such materials will destroy any additional materials it prepared based on its evaluation of the Confidential Information and shall confirm such destruction in writing to the party providing that Confidential Information.
6. Nothing herein shall be construed as giving either party any right in or to the other party's Confidential Information, granting either party any license to the other party's intellectual property under any intellectual property rights or representing any commitment by either party to accept the other party as an investor or enter into any additional agreement, by implication or otherwise. Each party agrees that unless and until a definitive agreement with the other party has been executed and delivered, neither party shall be under any legal obligation to the other party of any kind whatsoever with respect to a transaction by virtue of this or any written or oral expression with respect to a transaction by either of the parties or their Representatives except for the matters specifically agreed to in this Agreement. The parties further agree that each shall have no obligation to authorize or pursue with the other or any other party any transaction and each understands that neither party has, as of the date hereof, authorized any such transaction. The agreements set forth herein may be modified or waived only by a separate writing between the parties expressly so modifying or waiving such agreements.
7. Whether invented solely by MTIX, SDG or jointly by the parties, any new intellectual property arising from use of the MTIX Technology or Confidential Information, shall be the exclusive property of MTIX unless otherwise agreed by the Parties. In the future, the parties may agree upon a sharing of such IP that would be governed by a separate subsequent agreement, but MTIX shall control all patent filings and prosecution thereof.
8. SDG agrees that it will not permit visitors to view and /or photograph the MLSE System without first notifying MTIX and receiving written permission, for specific persons, after they have executed MTIX's Concise Confidentiality Agreement.
9. Each Party shall not attempt to reverse engineer the other party's proprietary designs or use any of the engineering design, software, processes or any of the other party proprietary, Confidential Information or its own purposes or to the detriment of other Party.



10. Neither party has made representation or warranty as to the accuracy or completeness of the Confidential Information and shall have no liability to the other party hereunder resulting from the use or contents of the Confidential Information or from any action taken or any inaction occurring in reliance on the Confidential Information.
11. Neither party shall issue a press release or make any other public statement that references this Agreement or uses the other party's name or trademarks for advertising or publicity purposes without the express consent of the other party.
12. It is further understood and agreed that no failure or delay by either party in exercising its right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.
13. Under the terms of this Agreement, the rights and obligations accruing to either party shall also accrue to that party's wholly owned subsidiaries. This Agreement shall not be assignable. This Agreement shall not be considered a consulting or employment contract.
14. This Agreement shall be construed in accordance with U.S. law. No conflicts-of-law which might refer such construction and interpretation to the laws of another jurisdiction shall be considered. The court system of Michigan, U.S.A. shall have exclusive jurisdiction to adjudicate any dispute arising in connection with this Agreement and each party hereby consents to such jurisdiction.
15. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.
16. This Agreement may be signed in more than one counterpart, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective authorised officers or representatives as of the date first written above.

For: MITIX LON

By: 

Print Name: PRAVIN MISTRY

Title: PRESIENT AND CEO

Date: 21ST MARCH 2018

For: STAMPERIA di GOVONE Srl

By: 

Print Name: ARMANDO BALLARINI

Title: CEO

Date: