



Registration of a Charge

Company name: **MTIX LTD**

Company number: **07622985**

Received for Electronic Filing: **11/10/2017**



X6GSLSWO

Details of Charge

Date of creation: **09/10/2017**

Charge code: **0762 2985 0001**

Persons entitled: **PRAVIN MISTRY (COLLATERAL AGENT) AS TRUSTEE FOR THE SECURED PARTIES**

Brief description:

Contains floating charge(s) .

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **P MANSOUR**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 7622985

Charge code: 0762 2985 0001

The Registrar of Companies for England and Wales hereby certifies that a charge dated 9th October 2017 and created by MTIX LTD was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 11th October 2017 .

Given at Companies House, Cardiff on 12th October 2017

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

SECURITY AGREEMENT

This Security Agreement (the "**Agreement**") is made and entered into by way of deed on October ~~09~~⁰⁹, 2017 by Avalanche International Corp., a Nevada corporation (the "**Corporation**"), MTIX Ltd, a company formed under the laws of England and Wales ("**MTIX**") and Pravin Mistry of Apartment 117, 1535 The Melting Point, 7 Firth Street, Huddersfield, HD1 3BZ (the "**Collateral Agent**") as trustee for the holders for the time being (each, a "**Secured Party**" and together, the "**Secured Parties**") of the Corporation's 7% Secured Convertible Promissory Notes (the "**Notes**") issued pursuant to the Exchange Agreement (as defined below). This Agreement is being executed and delivered by the Corporation, MTIX and the Secured Parties in connection with that certain Share Exchange Agreement (the "**Exchange Agreement**"), by and among the Corporation, MTIX and the Secured Parties. Capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Exchange Agreement.

WITNESSETH:

WHEREAS, pursuant to the terms of the Exchange Agreement, the Secured Parties have agreed to acquire from the Corporation, and the Corporation has agreed to issue to the Secured Parties, the Notes, pursuant to the terms of the Exchange Agreement;

WHEREAS, the Corporation and MTIX shall derive substantial direct and/or indirect benefits from the transactions contemplated by the Exchange Agreement; and

WHEREAS, in order to induce the Secured Parties to enter into the Exchange Agreement MTIX has agreed to execute and deliver to the Secured Parties this Agreement and to grant the security interests described herein to secure the prompt payment, performance and discharge in full of all of the Corporation's obligations under the Notes.

NOW, THEREFORE, in consideration of the foregoing, the covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Secured Party, MTIX and the Corporation hereby agree as follows.

SECTION I INTERPRETATION

Section 1(a). 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 Collateral Agent as trustee for the Secured Parties is granted a security interest by this Agreement and which consists of the following property of MTIX, 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:

(i) Those assets of MTIX that comprise its Intellectual Property, including but not limited to its multi-laser surface enhancement technology and process ("**MLSE**"), wherever situated, together with all documents of title and documents representing the same and all improvements thereto; and all contract rights and other general intangibles forming part of or ancillary to its Intellectual Property, including, without limitation, all licenses, computer software (whether "off-the-shelf," licensed from any third party or developed by MTIX), computer software development rights, goodwill, trademarks, service marks, trade styles, trade names, patents, patent applications, copyrights and other rights to Intellectual Property used in connection with MLSE; and proceeds of all of the foregoing Collateral set forth above.

(ii) Those assets of MTIX described below, which MTIX now owns or shall hereafter acquire or create, immediately upon acquisition or creation, wherever located, and includes, but is not limited to, any items listed on any schedule or list attached to this Agreement:

1) Accounts. All Accounts, Receivables, Documents, Chattel Paper, Instruments, and General Intangibles, including any rights to any tax refunds from any governmental authority (all of which are hereinafter individually and collectively referred to as "Accounts");

2) Inventory. All Inventory and Goods including, but not limited to, raw materials, work in process, finished goods, tangible property, stock in trade, wares and merchandise used in, sold by, or stopped in transit by MTIX;

3) Equipment. All Equipment and Fixtures, including all machinery and vehicles, and all substitutions, improvements, replacements and additions thereto;

4) Investment Property. All certificated and uncertificated securities, security entitlements, securities accounts, commodity contracts and commodity accounts;

5) Intangibles. All ownership interests of any kind, whether stock, membership or partnership or joint venture interests, all contracts and all other intangibles of any kind;

6) All Assets. All of MTIX's other fixed assets, current assets and personal property not described in Paragraphs (1) through (5) above.

(iii) Notwithstanding the foregoing, none of the following items will be included in the Collateral: (a) assets if the granting of a security interest in such asset would (I) be prohibited by applicable law, or (II) be prohibited by contract; (b) any property and assets, the pledge of which would require approval, license or authorization of any governmental body, unless and until such consent, approval, license or authorization shall have been obtained or waived provided that the Corporation has used commercially reasonable efforts to obtain or waive such consent, approval, license or authorization; 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) "Event of Default" has the meaning given in Section V of this Agreement, and (unless the context otherwise requires) means an Event of Default which has not been waived or remedied.

(c) "Indebtedness" means (x) any liabilities for borrowed money or amounts owing (other than trade accounts payable, accrued expenses or deferred revenue incurred in the ordinary course of business), (y) all guaranties, bonds, letters of credit, bills of exchange, endorsements and other contingent obligations in respect of indebtedness of others, whether or not the same are or should be reflected in MTIX's balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (z) the present value of any finance lease payments due under leases required to be capitalized in accordance with UK accounting principles and practices applicable to MTIX; *provided, further*, however, that in no event shall the term Indebtedness include the capital stock surplus, retained earnings, minority interests in the common stock of subsidiaries, operating lease obligations, reserves for deferred income taxes and investment credits, other deferred credits or reserves.

(d) "Intellectual Property" means the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under UK, multinational or foreign laws or otherwise, including, without limitation, (i) all copyrights arising under the laws of the UK, 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 UK Intellectual Property Office, (ii) all letters patent in the UK or any other country or any political subdivision thereof, all reissues and extensions thereof, and all applications for letters patent in the UK 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 UK 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 UK, 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 and including, without limitation, all know-how relating to MLSE.

(e) **"Insolvency Act"** means the Insolvency Act 1986.

(f) **"Insurances"** means all contracts or policies of insurance of whatever nature.

(g) **"Liens"** means any lien, mortgage, charge, security interest, assignment, encumbrance, right of first refusal, preemptive right or other restriction (in each case) having the effect of security for the payment of money, other than restrictions imposed by securities laws.

(h) **"LPA"** means the Law of Property Act 1925.

(i) **"Majority in Interest"** shall mean the holders of fifty-one percent (51%) or more of the then outstanding principal amount of all then outstanding Notes at the time of such determination.

(j) **"Material Adverse Effect"** shall have the meaning ascribed to such term in the Exchange Agreement.

(k) **"Notes"** means the Notes as issued on the date of this Agreement (and for the avoidance of doubt does not include any other notes which may at any time be issued (whether or not on the same terms as the Notes), any stock or other securities issued or created upon conversion of the Notes or otherwise in respect of the Notes, or any amounts borrowed or reborrowed by MTIX from the Secured Parties or any other person upon redemption of or otherwise in respect of the Notes).

(l) **"Obligations"** means (i) the principal amount of the Notes for the time being remaining unpaid, and (ii) interest on the Notes in accordance with their terms for the time being accrued but unpaid, limited to a maximum of one year's accrual of interest (\$70,000.00 or, if lower, 7% of the principal amount of the Notes remaining unpaid when the interest accrues); and (iii) any and all costs incurred by the Collateral Agent or the Secured Parties from time to time if and to the extent that the Corporation or MTIX expressly covenants to pay or reimburse such costs under with the terms of this Agreement or the Notes and remaining unpaid, provided that the total amount of all such unpaid costs forming part of the Obligations is limited to \$50,000, and (iv) all amounts (including but not limited to post-petition interest) in respect of the Obligations listed in (i) to (iii) 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 the Corporation.. In no circumstances can the total amount of the Obligations exceed \$10,120,000.

(m) **"Permitted Liens"** means: (a) Liens for taxes not yet due or delinquent or being contested in good faith and by appropriate proceedings, for which adequate reserves have been established; (b) Liens in respect of property or assets imposed by law which were incurred in the ordinary course of business, such as carriers', warehousemen's, materialmen's and mechanics' Liens and other similar Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings; (c) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, and other Liens to secure the performance of tenders, statutory obligations, contract bids, government contracts, performance and return of money bonds and other similar obligations, incurred in the ordinary course of business, whether pursuant to statutory requirements, common law or consensual arrangements; (d) Liens in favor of the Collateral Agent or the Secured Parties; (e) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of customs duties in connection with the importation of goods; (f) Liens which constitute rights of setoff of a customary nature or banker's liens, whether arising by law or by contract; (g) leases or subleases and licenses or sublicenses granted in the ordinary course of MTIX's business assigned by way of security in favour of the Collateral Agent or the Secured Parties; (h) Liens in the ordinary course of business (A) upon or in any equipment acquired or held by MTIX (or any of its Subsidiaries) to secure the purchase price of such equipment or Indebtedness incurred solely for the purpose of financing the acquisition or lease of such equipment, or (B) existing on such equipment at the time of its acquisition, provided that the Lien is confined solely to the property so acquired and improvements thereon, and the proceeds of such equipment, assigned by way of security in favour of the Collateral Agent or the Secured Parties; (i) Liens in existence prior to the execution of this Agreement; (j) Liens secured by assets of MTIX that are not within the definition of Collateral as set

forth in this Agreement; (k) Liens that are expressly subordinated to the Liens granted pursuant to this Agreement; and (l) Liens incurred in connection with the extension, renewal or refinancing of the Indebtedness secured by Liens of the type described above, provided that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the Indebtedness being extended, renewed or refinanced does not increase. Permitted Liens shall include any Liens permitted under section 2.11 below, or by any documents required or permitted under section 2.11 below, any Liens ranking in terms of priority behind the Security Interest and any preferential debt or cost of winding-up or other liability or cost payable by law out of the Collateral or the proceeds of its realization.

(n) **“Receiver”** means a receiver or receiver and manager or administrative receiver of the whole or part of the Collateral.

(o) **“Subsidiary”** means, in respect of any Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of capital stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, general partners or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person; (ii) such Person and one or more Subsidiaries of such Person; or (iii) one or more Subsidiaries of such Person.

(p) **“UCC”** means the Uniform Commercial Code of the State of Nevada.

Section 1(b). Third party rights

Unless expressly provided to the contrary in this Agreement, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Agreement. Notwithstanding any term of this Agreement, the consent of any person who is not a party to this Agreement is not required to rescind or vary this Agreement at any time. Any Receiver may, subject, to this Section 1(b) and that Act, rely on any provision of this Agreement which expressly confers a right on him. The Secured Parties are parties to this Agreement only for the purposes of consenting to the terms of this Agreement, giving certain undertakings to the Corporation or MTIX, of appointing (and undertaking to replace if required) the Collateral Agent and authorizing the Collateral Agent and of regulating the rights and obligations of the Collateral Agent and the Secured Parties inter se and the Secured Parties shall not have any direct rights (otherwise than through the Collateral Agent) to enforce any term of this Agreement against the Corporation or MTIX or to make any claim under this Agreement against the Corporation and MTIX. The Corporation is a party to this Agreement solely for the purposes of consenting to the terms of this Agreement and taking the benefit of certain undertakings in this Agreement and (other than its joining in the further assurance in section 2.6) shall not have any obligations under this Agreement, without prejudice to its Obligations under the Notes.

SECTION II COLLATERAL; OBLIGATIONS SECURED

Section 2.1 Grant and Description. MTIX, as principal debtor and not just as surety, covenants with the Collateral Agent to pay or discharge on demand the Obligations if the Corporation fails itself to discharge the Obligations when due in accordance with their terms. In order to secure the full and complete payment and performance of the Obligations when due, MTIX hereby grants to the Collateral Agent (as trustee for the benefit of the Secured Parties), subject to the Permitted Liens as beneficial owner, (a) a first fixed charge over all the assets forming part of the Collateral described in paragraph (a)(i) of Section 1(a) above (Intellectual Property) and (b) by way of floating charge, all the Collateral other than any part of the Collateral which is for the time being effectively charged hereunder by way of fixed charge pursuant to (a) above (**“Floating Charge Property”**) (together the **“Security Interest”**) for the benefit of the Secured Parties, all upon and subject to the terms and conditions of this Security Agreement. If the grant, pledge, or collateral transfer or assignment of any specific item of the Collateral is expressly prohibited by any contract or by law, then the Security Interest created hereby nonetheless remains effective to the extent allowed by such contract or other applicable laws, but is otherwise limited by that prohibition.

Section 2.2 Conversion of Floating Charge. The Collateral Agent may at any time after an Event of Default and after payment of the Obligations has been demanded from MTIX, by notice in writing to MTIX convert the floating charge hereby created into a fixed charge in respect of such part of the Floating Charged Property as may be specified in such notice and the ability of the Corporation or MTIX to deal in any manner with such part of the Floating Charged Property shall thereupon cease except to the extent otherwise agreed by the Collateral Agent. A floating charge will automatically crystallise and

convert into a fixed charge over the relevant Floating Charge Property if a liquidator, administrative receiver, Receiver, administrator or other similar officer is appointed in respect of MTIX or all or a material part of its assets. No floating charge created under this Agreement will automatically crystallise and convert into a fixed charge solely by reason of a moratorium being obtained under section 1A of Schedule A1 of the Insolvency Act (or anything being done with a view to obtaining a moratorium).

Section 2.3 Continuing Security. The Security created by this Agreement is continuing security for the payment and discharge of the Obligations. The provisions of this Agreement will apply at all times:

- (a) regardless of the date on which any of the Obligations were incurred;
- (b) in respect of the full amount of the Obligations at the relevant time (subject to the limits in the definition of the Obligations) even if the amount of the Obligations had previously been less than that amount.

The Security created by this Agreement is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by the Secured Parties.

Section 2.4 Security Interest. MTIX shall, promptly upon request by the Collateral Agent at any time:

- (a) deposit with the Collateral Agent all documents of title or other evidence of ownership, together with such deeds, certificates and documents as the Collateral Agent may require, relating to the Collateral for the time being subject to a fixed charge; and
- (b) provide the Collateral Agent with all information it may reasonably request in relation to the Collateral.

Section 2.5 Intellectual Property. Promptly following the request of the Collateral Agent, MTIX shall procure that an entry is made in each relevant public register of its Intellectual Property to record (where such recordal is possible) the existence of this Agreement and the restrictions imposed by it.

Section 2.6 Further assurance. The Corporation and MTIX shall promptly take all such actions within their respective power and control, including executing all such documents, notices and instructions in such form as the Collateral Agent may reasonably require:

- (a) to create, perfect, protect and (if necessary) maintain the security created or intended to be created over any of its assets under this Agreement or for the exercise of any rights, powers and remedies of the Collateral Agent provided by or under this Agreement or by law or regulation;
- (b) to confer on the Collateral Agent security interests in or over any of its assets located in any jurisdiction other than England and Wales equivalent or similar to the security created or intended to be created by this Agreement; and
- (c) to facilitate the realisation of the assets which are, or are intended to be, the subject of the security created by this Agreement after an Event of Default.

Section 2.7 Power to remedy. If MTIX fails to comply with any of its obligations under this Agreement, the Collateral Agent (or its nominee) may (at MTIX's expense) take such action as is reasonably necessary to protect any assets against the consequences of such non-compliance and to ensure compliance with such obligations.

Section 2.8 Power of attorney.

- (a) As security for the performance of its obligations under this Agreement, MTIX irrevocably and severally appoints the Collateral Agent and each Receiver to be its attorney, with full power of substitution.
- (b) The attorney may, in the name of the MTIX and on its behalf and at its expense, do anything which MTIX is obliged to do under this Agreement but has failed to do or which is necessary in connection with the exercise of any of the

rights, powers, authorities or discretions of the Collateral Agent in relation to the Collateral under this Agreement or any law or regulation.

(c) MTIX each ratify and confirms anything properly done by any attorney under this Section. MTIX agrees to indemnify the attorney against all actions, claims, demands and proceedings taken or made against it and all costs, damages, expenses, liabilities and losses incurred by the attorney as a result of anything lawfully done by it under or in connection with this power of attorney.

Section 2.9 Collateral Agent.

(a) The Secured Parties hereby: (i) irrevocably designate the Collateral Agent as their agent to act on behalf of the Secured Parties as their representative and on their behalf for the purposes of all the terms of this Security Agreement and the Notes; (ii) agree and consent that the Collateral Agent be named as the sole secured party on any and all security documents, filings or notices executed or filed pursuant to or in respect of this Security Agreement; and (iii) agree that the Collateral Agent is authorized to file any and all terminations of such documents, filings or notices at such time or times as it determines is appropriate.

(b) As soon as practicable following the execution and delivery of this Agreement, the Collateral Agent shall deliver this Security Agreement for registration at the Companies Registry.

(c) Until the Obligations are paid and performed in full, MTIX covenants and agrees that it will, at its own expense and upon the request of the Collateral Agent, but in all cases subject to the rights of the grantees of the Permitted Liens: (i) after an Event of Default, file or cause to be filed such applications and take such other actions as the Majority in Interest or a duly appointed Collateral Agent may reasonably request to obtain the consent or approval of any governmental authority to the rights of the Secured Parties and the Collateral Agent hereunder, including, without limitation, the right to sell all the Collateral upon an Event of Default without additional consent or approval from such governmental authority; (ii) from time to time, either before or after an Event of Default, promptly execute and deliver to the duly appointed Collateral Agent all such other assignments, certificates, supplemental documents, and do all other acts or things as the Collateral Agent may reasonably request in order to more fully create, evidence, perfect, continue, and preserve the priority of the Security Interest and to carry out the provisions of this Agreement; and (iii) either before or after an Event of Default, pay all filing fees in connection with any financing, continuation, or termination statement or other instrument with respect to the Security Interest.

Section 2.10 Priority as between Secured Parties. The Secured Parties and Collateral Agent hereby covenant and agree with MTIX that MTIX has granted and may subsequently grant, from time to time, Permitted Liens and that as between all Secured Parties, the Security Interest granted to each Secured Party under this Agreement is *pari passu* with the Security Interests of the other Secured Parties according to the principal amount of Notes owed to them respectively. The priorities specified herein are applicable irrespective of the time, order or method of attachment or perfection of security interests or the time or order of filing of financing statements. The Collateral Agent and the Secured Parties agree not to seek to challenge, to avoid, to subordinate or to contest or directly or indirectly to support any other Person in challenging, avoiding, subordinating or contesting in any judicial or other proceeding, including, without limitation, any proceeding involving the Corporation, the priority, validity, extent, perfection or enforceability of any Senior Permitted Liens in all or any part of the Collateral. The Collateral Agent and the Secured Parties further covenant and agree that they shall not, and the Secured Parties shall not instruct, authorize or otherwise permit or consent to allowing the Collateral Agent to, take any action that is in violation of, or inconsistent with, the provisions of this section.

Section 2.11 Priority of Senior Lender. Notwithstanding any other term of this Agreement, the Secured Parties and the Collateral Agent consent (for the purposes of this Agreement and of any relevant term of the Notes) to the grant to any Senior Lender by the Company of such Liens in or over the assets of MTIX (including the Collateral) as the Senior Lender may require to secure any borrowings or Indebtedness of MTIX or the Corporation or any members of their group (including liabilities under guaranties of such borrowings or Indebtedness of other members of the group) and agrees that such Liens shall rank in all respects (or to the extent required by the Senior Lender) in priority to the Security Interest created by this Agreement. The Collateral Agent (for himself and on behalf of the Secured Parties, at the cost and expense of MTIX) shall enter into such postponement, priority or inter-creditor agreements and shall make such filings as the Senior Lender and the Corporation may from time to time require for the purpose of giving effect to this Section 2.11, which may include restrictions on the Collateral Agent's ability to enforce the Security Interest or any term of this Agreement or the Notes

without the consent of the Senior Lender and/or obligations to grant consents, waivers of releases as required by the Senior Lender, and other ancillary provisions. In this section 2.11 “**borrowing**” includes any form of financial facilities provided by or guaranteed by a Senior Lender for the bona fide purpose of financing the business and assets of MTIX or the Corporation or any members of their group, or of refinancing such borrowing. In this section 2.11 “**Senior Lender**” means a bank or other financial institution (or more than one, whether in a syndicate or acting separately) providing borrowings or Indebtedness on commercial terms to MTIX or the Corporation or any members of their group.

SECTION III **COVENANTS**

Section 3.1 Duties MTIX Regarding Collateral. At all times from and after the date hereof and the Obligations have been discharged in full MTIX agrees to use all its powers (save with the prior written consent of the Collateral Agent) to:

- (a) Preserve the Equipment in good condition and order (ordinary wear and tear excepted) and not permit it to be abused or misused;
- (b) Maintain good and complete title to the Collateral subject only to Permitted Liens, save as permitted by exceptions in other paragraphs of this section 3.1;
- (c) Keep the Collateral free and clear at all times of all Liens ranking in priority to the Security Interest other than Permitted Liens;
- (d) Take or cause to be taken such acts and actions as shall be necessary or appropriate to assure that each Secured Party’s security interest in the Collateral not become subordinate to or on parity with the Liens or claims of any other Person other than by way of Permitted Liens or in accordance with section 2.11 above;
- (e) Except in the ordinary course of business (in the case of Floating Charge Property only), or by way of Permitted Lien, not transfer, pledge, hypothecate, encumber, license, sell or otherwise dispose of any of the Collateral;
- (f) Maintain, at the place where MTIX is entitled to receive notices under the Notes, a current record of where all material Collateral is located, permit representatives of the duly appointed Collateral Agent at any time, upon reasonable prior written notice during normal business hours to inspect and make abstracts from such records (*provided*, that so long as no Event of Default exists, the Collateral Agent shall conduct such inspections no more frequently than semi-annually);
- (g) Promptly notify each Secured Party upon becoming aware that any Event of Default (as hereinafter defined) occurs; and
- (h) In accordance with prudent business practices, endeavor to collect or cause to be collected from each account debtor under its accounts, as and when due, any and all amounts owing under such accounts.

For purposes of clarity, nothing in this Agreement shall be construed as restricting MTIX or the Corporation and its Subsidiaries from (I) granting licenses or sublicenses to any of the Collateral which constitutes Intellectual Property; (II) from licensing, selling, leasing or renting, directly or indirectly, any inventory or other property sold or disposed of in the ordinary course of business and on ordinary business terms); (III) from engaging in joint ventures, strategic alliances or other similar arrangements for bona fide business purposes consistent with industry practices; (IV) from utilizing the cash generated from MTIX or the Corporation’s business operations in accordance with the business judgment of management or the board of directors; or (V) from entering into transactions contemplated by the definition of Permitted Liens or section 2.11 above.

Section 3.2 Duties with Respect to Intellectual Property. At all times from and after the date hereof and until the Obligations have been discharged in full, MTIX agrees to procure so far as it is able (save with the prior written consent of the Collateral Agent) by the exercise of its powers to:

(a) Except to the extent that failure to act cannot reasonably be expected to have a Material Adverse Effect, take all commercially reasonable steps necessary to (x) maintain the validity and enforceability of any Collateral that constitutes Intellectual Property in full force and effect and (y) pursue the application, obtain the relevant registration and maintain the registration of each of its patents, trademarks and copyrights that is part of the Collateral, including, without limitation, by the payment of required fees and taxes, the filing of responses to office actions issued by the U.S. Patent and Trademark Office, the U.S. Copyright Office or any similar office or agency of the United States, any State thereof or similar offices in the UK and Europe, any other country or any political subdivision thereof, or other governmental authorities, the filing of applications for renewal or extension, the filing of affidavits, the filing of divisional, continuation, continuation-in-part, reissue and renewal applications or extensions and the payment of maintenance fees. MTIX shall give prompt notice to the Collateral Agent no later than thirty (30) days prior to any filing deadline that may result in an expiration or other erosion of any such Intellectual Property. Additionally, MTIX will maintain, or, if such patents have not been filed, shall seek to obtain, foreign patents for the Intellectual Property as well as for improvements patents and new patents according to a proportionate strategy to protect Intellectual Property in a cost-effective manner. MTIX shall bear all the cost of patent prosecution and maintenance. MTIX alone will be responsible for choosing patent counsel. MTIX shall provide proof of payment of all necessary fees to the Collateral Agent upon request.

(b) Except to the extent that failure to act cannot reasonably be expected to have a Material Adverse Effect, not do or permit any act or knowingly omit to do any act whereby any of its Intellectual Property that is part of the Collateral may lapse, be terminated, or become invalid or unenforceable or placed in the public domain (or in case of a trade secret, lose its competitive value).

(c) Except to the extent that failure to act cannot reasonably be expected to have a Material Adverse Effect, take all commercially reasonable steps to preserve and protect each item of its Intellectual Property that is part of the Collateral, including, without limitation, maintaining the quality of any and all products or services used or provided in connection with any of the trademarks, consistent with the quality of the products and services as of the date hereof, and taking all commercially reasonable steps necessary to ensure that all licensed users of any of the Trademarks abide by the applicable license's terms with respect to the standards of quality.

Notwithstanding the foregoing provisions of this Section 3.2 or anything to the contrary elsewhere in this Security Agreement, nothing in this Security Agreement shall prevent MTIX or the Corporation or its Subsidiaries from discontinuing the use or maintenance of any of its Intellectual Property, the enforcement of its license agreements or the pursuit of actions against infringers, if they determine in its reasonable business judgment that such discontinuance is desirable in the conduct of its business.

Section 3.3 Other Encumbrances. At all times after the date hereof and until the Obligations have been discharged in full, MTIX shall, subject to the rights of the holders of the Permitted Liens: (i) defend its title to the Collateral against all claims, and (ii) take any action necessary to remove any encumbrances on the Collateral other than Permitted Liens.

SECTION IV **REPRESENTATIONS AND WARRANTIES**

MTIX warrants to each Secured Party that at the date of this Agreement:

Section 4.1 Title to Collateral. MTIX holds the Collateral as beneficial owner free from Liens other than Permitted Liens.

Section 4.2 No Other Encumbrances. Other than the Permitted Liens or under section 2.11 above, MTIX has not granted a security interest in the Collateral to any other individual or entity, and to the actual knowledge of MTIX, the Collateral is free and clear of any mortgage, pledge, lease, trust, bailment, lien, security interest, encumbrance, charge or other arrangement, other than the Permitted Liens.

Section 4.3 Authority; Enforceability. The execution, delivery and performance of this Agreement by MTIX does not: (i) violate any of the provisions of the Articles of Association of MTIX or any judgment, decree, order or award of any court, governmental body or arbitrator or any applicable law, rule or regulation applicable to MTIX; 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 MTIX's debt or otherwise) or other understanding to which MTIX is a party or by which any property or asset of MTIX is bound or affected. MTIX has the authority and capacity to perform its obligations hereunder, and this Agreement is the valid and binding obligation of MTIX enforceable against MTIX in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or general equitable principles, whether applied in law or equity.

Section 4.5 Perfection; Security Interest. This Agreement creates in favor of the Collateral Agent, for the benefit of the Secured Parties, a valid security interest in the Collateral, subject only to Permitted Liens and the terms of this Agreement and compliance with legal requirements as to registration, securing the payment and performance of the Obligations.

SECTION V EVENTS OF DEFAULT

Section 5.1 Events of Default Defined. The occurrence of any of the following events prior to discharge in full of the Obligations (without the consent in writing of the Collateral Agent) shall (unless waived by the Collateral Agent) constitute an event of default under this Agreement (each, an "Event of Default"):

- (a) A legally binding moratorium becomes effective in respect of the debts of the Corporation including the Obligations. If a such moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium;
- (b) The Corporation goes into bankruptcy, winding-up or dissolution;
- (c) MTIX goes into winding-up, dissolution or administration;
- (d) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of MTIX or any material part of its assets or any analogous procedure or step is taken in any jurisdiction in which MTIX has material assets;
- (e) the Corporation fails to pay to the Secured Parties when due in accordance with the express terms of the Notes as originally issued (and without reference to any acceleration of its payment obligations under the terms of the Notes, by law or otherwise) any principal sum (specifically excluding any interest, costs or other sums payable other than the principal amount) repayable under the terms of the Notes, and does not remedy the failure by paying the amount due within 90 days after the due date or, if later, 90 days after payment shall have been demanded in writing by the Person entitled to it.

Notwithstanding the foregoing paragraphs of this section 5.1:

- (f) No debt owing by MTIX to the Corporation or any member of its group shall be deemed due or owing or or suspended unless the Corporation or the relevant member of its group takes any steps to enforce payment; and
- (g) Nothing done or omitted to be done by the Secured Parties or the Collateral Agent in his or their capacity as directors or employees of MTIX shall be or give rise to an Event of Default.
- (h) Any such process as is described in paragraphs (a) to (d) above shall not constitute an Event of Default if MTIX or the Corporation notifies the Collateral Agent that such process is contested by MTIX or the Corporation on reasonable grounds and it is in fact reversed or cancelled within 90 days of its commencement.

Section 5.2 Rights and Remedies Upon Default. The Security created by this Agreement is enforceable at any time while an Event of Default is continuing. If an Event of Default exists and is continuing, the Collateral Agent shall, at its election (but subject to Section 7 below and section 2.11 above), exercise any and all rights available to a secured party, in addition to any and all other rights afforded by this Agreement, at law, in equity, or otherwise, including, without limitation, (a) requiring MTIX to assemble all or part of the Collateral and make it available to the Collateral Agent at a place to be designated by the Collateral Agent which is reasonably convenient to the Collateral Agent and the Corporation, (b) surrendering any policies of insurance on all or part of the Collateral and receiving and applying any refunded premiums as a credit on the Obligations, (c) appoint a receiver for all or part of the Collateral, (d) exercise any of the powers, authorisations or discretions conferred on mortgagees, administrators or receivers under the LPA, the Insolvency Act or other legislation, (e) applying to the Obligations any cash held by the Collateral Agent under this Security Agreement, and (f) as legally permissible, selling, reselling, assigning and delivering or granting a license to use or otherwise dispose of the Collateral or any part thereof, in one or more parcels at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may at its discretion choose; and (g) take such further action as the Collateral Agent sees fit to enforce all or part of the security created by this Agreement.

Section 5.3 Rights in relation to a Receiver. The Collateral Agent may remove any Receiver appointed under this Agreement, appoint another person as Receiver or appoint additional Receivers. Each Receiver will be deemed to be the agent of MTIX (as the case may be) who alone will be responsible for the acts and defaults of the Receiver and for any liabilities incurred by the Receiver. The Collateral Agent may fix the remuneration of a Receiver which will be payable by MTIX and form part of the Obligations, subject to the limit on recoverable costs in the definition of Obligations.

Section 5.4 Redemption of prior Security. Where there is any security created over any of the Collateral which ranks in priority to the security created by this Agreement and:

- (a) the security created by this Agreement becomes enforceable; and
- (b) the holder of such other security takes any steps to enforce that security,

the Collateral Agent or any Receiver may, at its sole discretion and at the cost and expense of MTIX, redeem, take a transfer of and repay the indebtedness secured by such other security. All amounts paid by MTIX or a Receiver under this Section will form part of the Secured Obligations.

Section 5.5 Demands. Any demand for payment made by the Collateral Agent shall be valid and effective even if it contains no statement of the relevant Obligations or an inaccurate or incomplete statement of them.

Section 5.6 General powers. Any Receiver in England and Wales will have:

- (a) the rights, powers, privileges and immunities conferred on receivers, receivers and managers and mortgagees in possession under the LPA;
- (b) the rights, powers, privileges and immunities conferred on administrative receivers (whether or not that Receiver is an administrative receiver) under Schedule 1 of the Insolvency Act; and
- (c) all other rights, powers, privileges and immunities conferred by law or regulation on receivers, receivers and managers, mortgagees in possession and administrative receivers.

Section 5.7 Specific powers. The rights, powers and remedies provided in this Agreement are in addition to any rights powers and remedies under law or regulation. Any Receiver will have the following additional powers:

- (a) the power to do or omit to do anything which MTIX could do or omit to do in relation to the Collateral which is the subject of the appointment;
- (b) the power to do all other acts and things which the Receiver may consider desirable or necessary for realising any of the Collateral or incidental or conducive to any of the rights, powers and discretions conferred on a Receiver under this Agreement or by law or regulation; and

- (c) the power to use the name of MTIX for all the above purposes.

Section 5.8 Variation of statutory powers. The following English statutory provisions do not apply to this Agreement or any Security created by this Agreement:

- (a) the restriction on the consolidation of mortgages in section 93 of the LPA;
- (b) the restrictions on the power to grant or accept the surrender of leases in sections 99 and 100 of the LPA;
- (c) the conditions to the exercise of a power of sale in section 103 of the LPA;
- (d) the restrictions on the application of proceeds by a mortgagee or receiver in sections 105, 107(2) and 109(8) of the LPA; and
- (e) the restrictions on the appointment of a receiver in section 109(1) of the LPA and the provisions regarding a receiver's remuneration in section 109(6) of the LPA.

Section 5.9 Notice. Reasonable notification of the time and place of any public sale of the Collateral, or reasonable notification of the time after which any private sale or other intended disposition of the Collateral is to be made, shall be sent to MTIX, the Corporation and the holders of Permitted Liens. It is agreed that notice sent or given not less than ten (10) calendar days prior to the taking of the action to which the notice relates is reasonable notification and notice for the purposes of this subparagraph.

Section 5.10 Application of Proceeds. The Collateral Agent or Receiver shall apply the proceeds of any sale or other disposition of the Collateral hereunder in the following order: *first*, to the payment of all expenses of the Collateral Agent or Receiver incurred in enforcing, retaking, holding, and preparing any of the Collateral for sale(s) or other disposition, in arranging for such sale(s) or other disposition, and in actually selling or disposing of the same (all of which are part of the Obligations, subject to the limit on such costs in the definition of Obligations); and *second*, toward payment of the balance of the Obligations pro rata to the amounts owing to each Secured Party. Any surplus remaining shall be delivered to MTIX or the other person entitled to them (as appropriate) or as a court of competent jurisdiction may direct. If the proceeds are insufficient to pay the Obligations in full, then MTIX shall remain liable for any deficiency.

SECTION VI **ADDITIONAL REMEDIES**

Section 6.1 Additional Remedies. If an Event of Default exists and is continuing, MTIX shall:

- (a) Endorse any and all documents evidencing any Collateral (other than any Collateral if and to the extent subject to the Permitted Liens) in accordance with the instructions provided by the Collateral Agent, and notify any payor that said documents have been so endorsed and that all sums due and owing pursuant to them should be paid directly to such Secured Party, or as otherwise instructed by the Collateral Agent;
- (b) Turn over to the Collateral Agent, or as otherwise instructed by the Collateral Agent, copies of all documents evidencing any right to collection of any sums due to MTIX arising from or in connection with any of the Collateral;
- (c) Keep all of its books, records, documents and instruments relating to the Collateral in such manner as the Collateral Agent may require.

SECTION VII **COLLATERAL AGENT**

Section 7.1 Appointment. The Collateral Agent declares that it holds the Collateral on trust for the Secured Parties and will act on any instructions of the Secured Parties given by Majority in Interest. The power of appointment of a new Collateral

Agent and trustee to fill any vacancy (following a resignation of the Collateral Agent or otherwise) shall be exercisable by the Majority in Interest and shall be sufficient in all respects to rightfully appoint the Collateral Agent hereunder. Each Secured Party (whether or not a signatory hereto) shall be deemed irrevocably (a) to appoint and consent to the appointment of the Collateral Agent as his agent hereunder, (b) to confirm that the Collateral Agent shall have the authority to act as the exclusive agent of such Secured Party for the enforcement of any provisions of this Agreement or of the Notes against the Corporation or MTIX, the exercise of remedies hereunder or under the Notes and the giving or withholding of any consent or approval hereunder or under the Notes relating to any Collateral or the Corporation or MTIX's obligations with respect thereto, and to exercise any powers, authorities or discretions on behalf of the Secured Parties in respect of the Notes and this Agreement (including but limited to granting any waiver, time or other indulgence or agreeing to any variation of the obligations of the Corporation or MTIX or restructuring or compromising any of the Obligations or releasing (in whole or in part) any of the security created by this Agreement), (c) to agree that it shall not take any action to enforce any provisions of this Agreement or of the Notes against the Corporation or MTIX, to exercise any remedy hereunder or under the Notes or to give any consents or approvals hereunder or under the Notes except as expressly provided in this Agreement or in the Notes and (d) to agree to be bound by the terms of this Agreement or the Notes. The appointment of the Collateral Agent shall continue until the death or resignation of the Collateral Agent, at which time a Majority in Interest shall appoint a new Collateral Agent. The Collateral Agent may perform any of its duties hereunder or under the Notes by or through its agents or employees. The Collateral Agent may exercise his powers, authorities and discretions (and those of the Secured Parties) at his sole discretion and without any obligation to consult the Secured Parties. Each of the Secured Parties irrevocably and severally appoints the Collateral Agent to be his attorney, with full power of substitution. The attorney may, in the name of the Secured Parties (or any of them) do anything which is authorized under this section 7.1 or which is necessary in connection with the exercise of any of the rights, powers, authorities or discretions of the Collateral Agent in relation to the Collateral under this Agreement or any law or regulation.

Section 7.2 Nature of Duties. The Collateral Agent shall have no duties or responsibilities except those expressly set forth in this Agreement or in another agreement entered into among MTIX, the Majority in Interest and such Collateral Agent. Neither the Collateral Agent nor any of its partners, members, shareholders, officers, directors, employees or agents shall be liable to the Secured Parties for any action taken or omitted by it as such under the Agreement or the Notes or in connection herewith, be responsible to the Secured Parties for the consequence of any oversight or error of judgment or answerable to the Secured Parties 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.

Section 7.3 Lack of Reliance on the Collateral Agent. The Collateral 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.

Section 7.4 Certain Rights of the Collateral Agent. The Collateral Agent shall have the right to take any action with respect to the Collateral permitted by this Agreement, on behalf of all of the Secured Parties. To the extent practical, the Collateral Agent may (but shall not be obliged to) request instructions from the Secured Parties with respect to any material act or action (including failure to act) in connection with the Agreement or the Notes, 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 Collateral Agent's request therefor, the Collateral 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 Collateral Agent; and the Collateral 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 Collateral Agent as a result of the Collateral Agent acting or refraining from acting hereunder in accordance with the terms of the Agreement or any other Transaction Document, and MTIX shall have no right to question or challenge the authority of, or the instructions given to, the Collateral Agent pursuant to the foregoing and (b) the Collateral Agent shall not be required to take any action which the Collateral Agent believes (i) could reasonably be expected to expose him to personal liability or (ii) is contrary to this Agreement, the Notes or applicable law. Nothing in this Agreement shall release the Collateral Agent from liability for fraud.

Section 7.5 Reliance. The Collateral Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, statement, certificate, telex, teletype or telecopier 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 Collateral Agent shall have no obligation whatsoever to any Secured Party to assure that the Collateral exists or is owned by MTIX 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.

Section 7.6 Resignation by the Collateral Agent.

(a) The Collateral 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 Corporation and the Secured Parties. Such resignation shall take effect upon the appointment of a successor Collateral Agent pursuant to clauses (b) and (c) below.

(b) Upon any such notice of resignation, or if there is otherwise a vacancy as Collateral Agent, the Secured Parties, acting by a Majority in Interest, shall appoint a successor Collateral Agent hereunder.

(c) If a successor Collateral Agent shall not have been so appointed within said 30-day period, the Collateral Agent, or if none or if he fails to act the Corporation, shall then appoint a successor Collateral Agent who shall serve as Collateral Agent until such time, if any, as the Secured Parties appoint a successor Collateral Agent as provided above. If a successor Collateral Agent has not been appointed within such 30-day period, the Collateral Agent, the Corporation or MTIX may petition any court of competent jurisdiction or may interplead the Secured Parties in a proceeding for the appointment of a successor Collateral 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 Secured Parties on demand.

Section 7.7 Rights with respect to Collateral. Each Secured Party agrees with all other Secured Parties and the Collateral Agent (i) that it shall not, and shall not attempt to, independently exercise any rights with respect to its Security Interest in the Collateral, or take or institute any action against the Corporation, MTIX, the Collateral 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 by the Collateral Agent or any of the other Secured Parties) 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 Collateral Agent hereunder by a successor Collateral Agent, such successor Collateral Agent shall thereupon succeed to and become vested with all the Security Interests and rights, powers, privileges and duties of the retiring Collateral Agent and the retiring Collateral Agent shall be discharged from its duties and obligations under the Agreement. After any retiring Collateral Agent's resignation or removal hereunder as Collateral Agent, the provisions of the Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Collateral Agent.

SECTION VIII MISCELLANEOUS

Section 8.1 Termination and Release. This Agreement, and the Liens created by this Agreement shall automatically terminate in all respects and be released upon the full discharge of the Obligations. Conversion of the Notes into shares of capital stock of the Corporation, in accordance with the terms of the Notes, shall constitute discharge of the principal amount of Notes and interest converted, for all the purposes of this Agreement. Further, the Liens created by this Agreement on any of the Collateral shall be automatically released if MTIX disposes of such Collateral pursuant to a transaction permitted by the Notes or this Agreement or otherwise consented to by the Collateral Agent in writing. In connection with any termination and release pursuant to this Section 8.1, the Collateral Agent and the Secured Parties shall promptly execute and deliver to MTIX all documents, and shall make all filings, that MTIX or the Corporation shall reasonably request to evidence such termination and release.

Section 8.2 Severability. In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; *provided*, that in such case the parties shall negotiate in good faith to replace such provision with a new provision which is not illegal, unenforceable or void, as long as such new provision does not materially change the economic benefits of this Agreement to the parties.

Section 8.3 Continuing Security Interest; Successors. This Agreement creates a continuing security interest in the Collateral and shall (i) remain in full force and effect until the Obligations are discharged in full and (ii) inure to the benefit

of Collateral Agent and his successors, transferees, and assigns. Each Secured Party may, if permitted by the Exchange Agreement, assign its rights hereunder in connection with any private sale or transfer of its Note in accordance with the terms of the Note and applicable law, in which case the term "Secured Party" shall be deemed to refer to such transferee as though such transferee was an original signatory hereto in place of and to the exclusion of any Secured Party who has ceased to hold any Notes.

Section 8.4 Governing Law; Jurisdiction. This Agreement shall be governed by and construed under the laws of England and Wales. The courts of England and Wales have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement) and any non-contractual obligations arising out of or in connection with it (a "Dispute"). The parties to this Agreement agree that the courts of England and Wales are the most appropriate and convenient courts to settle any Dispute and accordingly no party to this Agreement will argue to the contrary.

Section 8.5 Headings. The headings used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

Section 8.6 Notices. Any notice any party shall be given to the Person, and in the manner set forth in, the Exchange Agreement. Either party may, by notice given in accordance with the Exchange Agreement, change the address to which notices, demands and requests shall be sent to such party. Any notice to be given by the Corporation to the Collateral Agent shall be given in the manner provided for in the Exchange Agreement, and delivered to such address as the Corporation is instructed by the Collateral Agent. No notice given to or received by the Collateral Agent or any Secured Party (as an officer or employee of MTIX or otherwise), or delivered to any office of MTIX, shall constitute good notice to MTIX until the notice is actually received by an officer of the Corporation.

Section 8.7 Entire Agreement; Amendments; Waivers. This Agreement constitutes the entire agreement between the parties with regard to the subject matter hereof and thereof, superseding all prior agreements or understandings, whether written or oral, between or among the parties. Except as expressly provided herein, neither this Agreement nor any term hereof may be amended except pursuant to a written instrument executed by Corporation, MTIX and the Collateral Agent, and no provision hereof may be waived other than by a written instrument signed by the party against whom enforcement of any such waiver is sought (or by the Collateral Agent in the case of a waiver by Secured Parties). The Collateral Agent and the Secured Parties shall not, by any act, any failure to act or any delay in acting be deemed to have (i) waived any right or remedy under this Agreement, or (ii) acquiesced in any Event of Default or in any breach of any of the terms and conditions of this Agreement. No failure to exercise, nor any delay in exercising, any right, power or privilege of the the Collateral Agent or Secured Parties under this Agreement shall operate as a waiver of any such right, power or privilege. No single or partial exercise of any right, power or privilege under this Agreement shall preclude any other or further exercise of any other right, power or privilege. A waiver by a Secured Party of any right or remedy under this Agreement on any one occasion shall not be construed as a bar to any right or remedy that such Secured Party would otherwise have on any future occasion.

Section 8.8 Multiple Counterparts. This Agreement has been executed in a number of identical counterparts, each of which shall be deemed an original for all purposes and all of which constitute, collectively, one agreement; but, in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

Section 8.9 Cumulative Remedies. The rights and remedies provided in this Agreement are cumulative, may be exercised singly or concurrently, and are not exclusive of any other rights or remedies provided by law.

Section 8.10 Immediate Recourse. The Corporation and MTIX acknowledge that the Obligations arose out of a commercial transaction and hereby knowingly waives any right to require the the Collateral Agent or Secured Parties to (i) proceed against any person or entity (including, for the avoidance of doubt, in the case of MTIX, the Corporation), (ii) proceed against any other collateral under any other agreement, (iii) pursue any other remedy available to the the Collateral Agent or Secured Parties, or (iv) make presentment, dishonor, notice of dishonor, acceleration and/or notice of non-payment.

Section 8.11 Release. No transfer or renewal, extension, assignment or termination of this Agreement or of any instrument or document executed and delivered by the Corporation and/or MTIX to the Collateral Agent or the Secured Parties, nor additional advances made by the Secured Parties to the Corporation and/or MTIX, nor the taking of further security, nor the retaking or re-delivery of the Collateral by the the Collateral Agent or Secured Parties nor any other act of

the the Collateral Agent or Secured Parties shall release the Corporation and/or MTIX from any Obligations, except a release or discharge executed in writing by the Majority in Interest or Collateral Agent with respect to such Obligations, or an automatic release under section 8.1. At such time the Obligations have been discharged in full, the Majority in Interest or Collateral Agent (as appropriate) shall execute and deliver to the Corporation and/or MTIX all assignments and other instruments as may be reasonably necessary or proper to terminate the Security Interest in the Collateral, subject to any disposition of the Collateral that may have been made by or on behalf of the the Collateral Agent or Secured Parties pursuant to this Agreement.

Section 8.12 Deferral of Obligors' rights. While any Event of Default is continuing and until all Obligations have been irrevocably discharged in full and unless the Collateral Agent otherwise directs, neither the Corporation or MTIX may exercise any rights which it may have by reason of performance by it of its obligations under the Notes or this Agreement or by reason of any amount being payable, or liability arising, under the Notes or this Agreement:

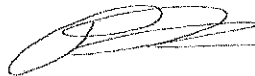
- (a) to be indemnified by the other;
- (b) to claim any contribution from the other or any guarantor of any Obligations.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the Corporation, MTIX, the Collateral Agent and the Secured Parties have duly executed this Agreement as a deed on the date first written above.

Executed as a deed by AVALANCHE INTERNATIONAL CORP.

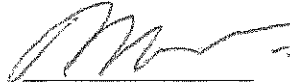
By:



Name: Philip Mansour
Title: Chief Executive Officer

Executed as a deed by MTIX, Ltd.

By:



Name: Pravin Mistry
Title: Chief Executive Officer/Director

in the presence of:

Witness signature: J. Clarke

Witness name: JANET CLARKE

Witness address: 2 WHITE WELLS RD

SCHOLES HOLMFIRTH

HD9 1TB

SIGNATURE PAGE TO SECURITY AGREEMENT

SIGNATURE PAGE TO SECURITY AGREEMENT BY EACH SECURED PARTY

Executed as a deed by PRAVIN MISTRY



Name: Pravin Mistry


in the presence of:

Witness signature: J. Clarke

Witness name: JANET CLARKE

Witness address: 2 WHITE WELLS ROAD, SCHOLES
HOLMEIRTH HD9 1TB

Executed as a deed by PAUL JOHNSON



Name: Paul Johnson

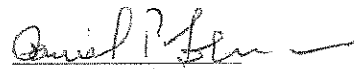
in the presence of:

Witness signature: J. Clarke

Witness name: JANET CLARKE

Witness address: 2 WHITE WELLS ROAD, SCHOLES
HOLMEIRTH HD9 1TB

Executed as a deed by DANIEL JOHNSON



Name: Daniel Johnson

in the presence of:

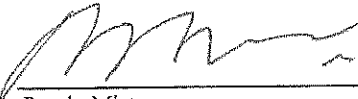
Witness signature: J. Clarke

Witness name: JANET CLARKE

Witness address: 2 WHITE WELLS ROAD, SCHOLLS
HOLMFIRTH HD9 1TB

SIGNATURE PAGE TO SECURITY AGREEMENT BY COLLATERAL AGENT

Executed as a deed by COLLATERAL AGENT:

By: 
Name: Pravin Mistry
Title: Collateral Agent

in the presence of:

Witness signature: J. Clarke

Witness name: JANET CLARKE

Witness address: 2 WHITE WELLS RD, SCHOLLS
HOLMFIRTH HD9 1TB