

1.

This is Exhibit "A" referred to in the affidavit of Charles E. Croft sworn before me this 4th day of December 2008.

A commissioner for taking affidavits in British Columbia.

BC OnLine: PPRS SEARCH RESULT 2008/11/26
Lterm: XPSP0050 For: PB91503 BURNS FITZPATRICK ROGERS AND SCHW 16:42:07

Index: BUSINESS DEBTOR

Search Criteria: HYDROXYL SYSTEMS

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: MAY 26, 2005 Reg. Length: 5 YEARS
Reg. Time: 09:29:51 Expiry Date: MAY 26, 2010
Base Reg. #: 367274C Control #: B6677079

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: BROWN BROS MOTOR LEASE CANADA LTD
270 S.E. MARINE DRIVE,
VANCOUVER BC V5X 2S6

=D0001 Base Debtor: HYDROXYL SYSTEMS INC
(Business) 202-26 BASTION SQUARE
VICTORIA BC V8W 1H9

Vehicle Collateral:

Type	Serial #	Year	Make/Model	MH Reg.#
V0001 MV	1FTSE34P25HA27115	2005	FORD ECONOLINE	

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: FEB 14, 2007 Reg. Length: 10 YEARS
Reg. Time: 13:52:24 Expiry Date: FEB 14, 2017
Base Reg. #: 504504D Control #: B7848353

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: FALCON PACIFIC FINANCIAL CORP.
1600 - 1095 WEST PENDER STREET
VANCOUVER BC V6E 2M6

=D0001 Base Debtor: HYDROXYL SYSTEMS INC.
(Business) 202 - 26 BASTION SQUARE
VICTORIA BC V8W 1H9

General Collateral:

ALL OF THE PRESENTLY OWNED OR HELD AND AFTER ACQUIRED OR HELD PERSONAL PROPERTY OF THE DEBTOR OF WHATSOEVER NATURE OR KIND AND WHERESOEVER SITUATE, AND ALL PROCEEDS AND RENEWALS THEREOF AND THEREFROM, ACCRETIONS THERETO AND SUBSTITUTIONS THEREFOR, INCLUDING, WITHOUT LIMITATION, ALL OF THE FOLLOWING NOW OWNED OR HEREAFTER OWNED OR ACQUIRED BY OR ON BEHALF OF THE DEBTOR: ALL INVENTORY OR WHATEVER KIND AND WHEREVER SITUATE, ALL EQUIPMENT (OTHER THAN INVENTORY) OF WHATEVER KIND AND WHEREVER SITUATE, ALL BOOK ACCOUNTS AND BOOK DEBTS, ACCOUNTS, DEBTS, DUES, CLAIMS, CHARGES IN ACTION AND DEMANDS OF EVERY NATURE AND KIND HOWSOEVER ARISING OR SECURED INCLUDING LETTERS OF CREDIT AND ADVICES

Continued on Page 2

Search Criteria: HYDROXYL SYSTEMS

Page: 2

----- A M E N D M E N T / O T H E R C H A N G E -----

Reg. #: 249247E

Reg. Date: MAR 18, 2008

Reg. Time: 11:42:45

Control #: B8614891

Base Reg. Type: PPSA SECURITY AGREEMENT

Base Reg. #: 385798C

Base Reg. Date: JUN 03, 2005

Details Description:

SUBORDINATION AGREEMENT IN FAVOUR OF ALTERINVEST II FUND LP
(BASE REGISTRATION NO. 189619E)

Registering

Party: FRASER MILNER CASGRAIN LLP
1040 WEST GEORGIA ST, STE 1500
VANCOUVER BC V6E 4H8

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: OCT 21, 2005

Reg. Length: 10 YEARS

Reg. Time: 11:28:45

Expiry Date: OCT 21, 2015

Base Reg. #: 646619C

Control #: B6964804

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: FALCON PACIFIC FINANCIAL CORP.
1600 - 1095 WEST PENDER STREET
VANCOUVER BC V6E 2M6

=D0001 Base Debtor: HYDROXYL SYSTEMS INC.
(Business) 202 - 26 BASTION SQUARE
VICTORIA BC V8W 1H9

General Collateral:

ALL OF THE PRESENTLY OWNED OR HELD AND AFTER ACQUIRED OR HELD PERSONAL PROPERTY OF THE DEBTOR OF WHATSOEVER NATURE OR KIND AND WHERESOEVER SITUATE, AND ALL PROCEEDS AND RENEWALS THEREOF AND THEREFROM, ACCRETIONS THERETO AND SUBSTITUTIONS THEREFOR, INCLUDING, WITHOUT LIMITATION, ALL OF THE FOLLOWING NOW OWNED OR HEREAFTER OWNED OR ACQUIRED BY OR ON BEHALF OF THE DEBTOR: ALL INVENTORY OF WHATEVER KIND AND WHEREVER SITUATE, ALL EQUIPMENT (OTHER THAN INVENTORY) OF WHATEVER KIND AND WHEREVER SITUATE, ALL BOOK ACCOUNTS AND BOOK DEBTS, ACCOUNTS, DEBTS, DUES, CLAIMS, CHOSSES IN ACTION AND DEMANDS OF EVERY NATURE AND KIND HOWSOEVER ARISING OR SECURED INCLUDING LETTERS OF CREDIT AND ADVICES OF CREDIT, WHETHER NOW OR HEREAFTER OWNED BY OR BECOMING DUE TO THE DEBTOR (AND ALL DEEDS, DOCUMENTS, WRITINGS, PAPERS BOOKS OF ACCOUNT AND OTHER BOOKS AND ELECTRONICALLY RECORDED DATA RELATING TO OR EVIDENCING OR SECURING DEBTS, CHATTEL PAPER OR DOCUMENTS OF TITLE), THE UNDERTAKING OF THE DEBTOR AND ALL MONEY,

CHattel PAPER, DOCUMENTS OF TITLE, INSTRUMENTS, INTANGIBLES AND SECURITIES, ALL INTANGIBLE PROPERTY OF THE DEBTOR AND ALL PROPERTY WHICH IS OR HEREAFTER BECOMES A FIXTURE OR WHICH CONSTITUTES A LICENCE, QUOTA, PERMIT, OR OTHER SIMILAR RIGHT OR BENEFIT OR CROPS.

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Search Criteria: HYDROXYL SYSTEMS

Page: 3

Registering

Party: MACKENZIE FUJISAWA LLP
1600-1095 WEST PENDER STREET
VANCOUVER BC V6E 2M6

----- A M E N D M E N T / O T H E R C H A N G E -----

Reg. #: 249250E Reg. Date: MAR 18, 2008
Reg. Time: 11:45:12
Control #: B8614894

Base Reg. Type: PPSA SECURITY AGREEMENT
Base Reg. #: 646619C Base Reg. Date: OCT 21, 2005

Details Description:

SUBORDINATION AGREEMENT IN FAVOUR OF ALTERINVEST II FUND LP
(BASE REGISTRATION NO. 189619E)

Registering

Party: FRASER MILNER CASGRAIN LLP
1040 WEST GEORGIA ST, STE 1500
VANCOUVER BC V6E 4H8

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: FEB 22, 2006 Reg. Length: 3 YEARS
Reg. Time: 06:43:06 Expiry Date: FEB 22, 2009
Base Reg. #: 853805C Control #: B7178473

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: DELL FINANCIAL SERVICES CANADA
LIMITED
155 GORDON BAKER RD, STE 501
NORTH YORK ON M2H 3N5

=D0001 Base Debtor: HYDROXYL SYSTEMS INC.
(Business) 202-26 BASTION SQUARE
VICTORIA BC V8W1H9

General Collateral:

ALL DELL COMPUTER EQUIPMENT AND PERIPHERALS WHEREVER LOCATED HERETOFORE OR HEREAFTER LEASED TO DEBTOR BY SECURED PARTY PURSUANT TO AN EQUIPMENT LEASE TOGETHER WITH ALL SUBSTITUTIONS, ADDITIONS, ACCESSIONS AND REPLACEMENTS THERETO AND THEREOF NOW AND HEREAFTER INSTALLED IN, AFFIXED TO, OR USED IN CONJUNCTION WITH SUCH EQUIPMENT AND PROCEEDS THEREOF TOGETHER WITH ALL RENTAL OR INSTALLMENT PAYMENTS, INSURANCE PROCEEDS, OTHER PROCEEDS AND PAYMENTS DUE OR TO BECOME DUE AND ARISING FROM OR RELATING TO SUCH EQUIPMENT. PROCEEDS:ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.

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Search Criteria: HYDROXYL SYSTEMS

Page: 4

Registering

Party: (REGISTRY=RECOVERY) TM INC.
1551 THE QUEENSWAY
TORONTO ON M8Z 1T8

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: MAR 13, 2006 Reg. Length: 3 YEARS
Reg. Time: 11:12:13 Expiry Date: MAR 13, 2009
Base Reg. #: 886608C Control #: B7212314

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: DELL FINANCIAL SERVICES CANADA
LIMITED
155 GORDON BAKER RD, STE 501
NORTH YORK ON M2H 3N5

=D0001 Base Debtor: HYDROXYL SYSTEMS INC.
(Business) 202 - 26 BASTION SQUARE
VICTORIA BC V8W1H9

General Collateral:

ALL DELL COMPUTER EQUIPMENT AND PERIPHERALS WHEREVER LOCATED HERETOFORE OR HEREAFTER LEASED TO DEBTOR BY SECURED PARTY PURSUANT TO AN EQUIPMENT LEASE TOGETHER WITH ALL SUBSTITUTIONS, ADDITIONS, ACCESSIONS AND REPLACEMENTS THERETO AND THEREOF NOW AND HEREAFTER INSTALLED IN, AFFIXED TO, OR USED IN CONJUNCTION WITH SUCH EQUIPMENT AND PROCEEDS THEREOF TOGETHER WITH ALL RENTAL OR INSTALLMENT PAYMENTS, INSURANCE PROCEEDS, OTHER PROCEEDS AND PAYMENTS DUE OR TO BECOME DUE AND ARISING FROM OR RELATING TO SUCH EQUIPMENT. PROCEEDS:ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.

Registering

Party: (REGISTRY=RECOVERY) TM INC.
1551 THE QUEENSWAY
TORONTO ON M8Z 1T8

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: MAY 09, 2006 Reg. Length: 3 YEARS
Reg. Time: 08:56:24 Expiry Date: MAY 09, 2009
Base Reg. #: 991740C Control #: B7320617

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: DELL FINANCIAL SERVICES CANADA LIMITED
155 GORDON BAKER RD, STE 501
NORTH YORK ON M2H 3N5

=D0001 Base Debtor: HYDROXYL SYSTEMS INC.
(Business) 26 BASTION SQUARE SUITE 202
VICTORIA BC V8W1H9

Continued on Page 5

Search Criteria: HYDROXYL SYSTEMS

Page: 5

General Collateral:

ALL DELL COMPUTER EQUIPMENT AND PERIPHERALS WHEREVER LOCATED HERETOFORE OR HEREAFTER LEASED TO DEBTOR BY SECURED PARTY PURSUANT TO AN EQUIPMENT LEASE TOGETHER WITH ALL SUBSTITUTIONS, ADDITIONS, ACCESSIONS AND REPLACEMENTS THERETO AND THEREOF NOW AND HEREAFTER INSTALLED IN, AFFIXED TO, OR USED IN CONJUNCTION WITH SUCH EQUIPMENT AND PROCEEDS THEREOF TOGETHER WITH ALL RENTAL OR INSTALLMENT PAYMENTS, INSURANCE PROCEEDS, OTHER PROCEEDS AND PAYMENTS DUE OR TO BECOME DUE AND ARISING FROM OR RELATING TO SUCH EQUIPMENT. PROCEEDS: ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.

Registering

Party: (REGISTRY=RECOVERY) TM INC.
1551 THE QUEENSWAY
TORONTO ON M8Z 1T8

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: MAY 16, 2006 Reg. Length: 3 YEARS
Reg. Time: 11:43:10 Expiry Date: MAY 16, 2009
Base Reg. #: 006915D Control #: B7336248

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: DELL FINANCIAL SERVICES CANADA LIMITED
155 GORDON BAKER RD, STE 501
NORTH YORK ON M2H 3N5

=D0001 Base Debtor: HYDROXYL SYSTEMS INC.
(Business) 202- 26 BASTION SQUARE

9.

VICTORIA BC V8W1H9

General Collateral:

ALL DELL COMPUTER EQUIPMENT AND PERIPHERALS WHEREVER LOCATED HERETOFORE OR HEREAFTER LEASED TO DEBTOR BY SECURED PARTY PURSUANT TO AN EQUIPMENT LEASE TOGETHER WITH ALL SUBSTITUTIONS, ADDITIONS, ACCESSIONS AND REPLACEMENTS THERETO AND THEREOF NOW AND HEREAFTER INSTALLED IN, AFFIXED TO, OR USED IN CONJUNCTION WITH SUCH EQUIPMENT AND PROCEEDS THEREOF TOGETHER WITH ALL RENTAL OR INSTALLMENT PAYMENTS, INSURANCE PROCEEDS, OTHER PROCEEDS AND PAYMENTS DUE OR TO BECOME DUE AND ARISING FROM OR RELATING TO SUCH EQUIPMENT. PROCEEDS:ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.

Registering

Party: (REGISTRY=RECOVERY) TM INC.
1551 THE QUEENSWAY
TORONTO ON M8Z 1T8

Continued on Page 6

Search Criteria: HYDROXYL SYSTEMS

Page: 6

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: JUN 19, 2006 Reg. Length: 10 YEARS
Reg. Time: 11:17:43 Expiry Date: JUN 19, 2016
Base Reg. #: 072277D Control #: B7403601

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: FALCON PACIFIC FINANCIAL CORP.
1600-1095 WEST PENDER STREET
VANCOUVER BC V6E 2M6

=D0001 Base Debtor: HYDROXYL SYSTEMS INC.
(Business) 202-26 BASTION SQUARE
VICTORIA BC V8W 1H9

General Collateral:

ALL OF THE PRESENTLY OWNED OR HELD AND AFTER ACQUIRED OR HELD PERSONAL PROPERTY OF THE DEBTOR OF WHATSOEVER NATURE OR KIND AND WHERESOEVER SITUATE, AND ALL PROCEEDS AND RENEWALS THEREOF AND THEREFROM, ACCRETIONS THERETO AND SUBSTITUTIONS THEREFOR, INCLUDING WITHOUT LIMITATION, ALL OF THE FOLLOWING NOW OWNED OR HEREAFTER OWNED OR ACQUIRED BY OR ON BEHALF OF THE DEBTOR: ALL INVENTORY OF WHATEVER KIND AND WHEREVER SITUATE, ALL EQUIPMENT (OTHER THAN INVENTORY) OF WHATEVER KIND AND WHEREVER SITUATE, ALL BOOK ACCOUNTS AND BOOK DEBTS,

(Business) 202-26 BASTION SQUARE
VICTORIA BC V8W1H9

General Collateral:

ALL DELL COMPUTER EQUIPMENT AND PERIPHERALS WHEREVER LOCATED
HERETOFORE OR HEREAFTER LEASED TO DEBTOR BY SECURED PARTY PURSUANT TO
AN EQUIPMENT LEASE TOGETHER WITH ALL SUBSTITUTIONS, ADDITIONS,
ACCESSIONS AND REPLACEMENTS THERETO AND THEREOF NOW AND HEREAFTER
INSTALLED IN, AFFIXED TO, OR USED IN CONJUNCTION WITH SUCH EQUIPMENT
AND PROCEEDS THEREOF TOGETHER WITH ALL RENTAL OR INSTALLMENT PAYMENTS,
INSURANCE PROCEEDS, OTHER PROCEEDS AND PAYMENTS DUE OR TO BECOME DUE
AND ARISING FROM OR RELATING TO SUCH EQUIPMENT. PROCEEDS: ALL PRESENT
AND AFTER-ACQUIRED PERSONAL PROPERTY.

Registering

Party: (REGISTRY=RECOVERY) TM INC.
1551 THE QUEENSWAY
TORONTO ON M8Z 1T8

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: NOV 28, 2006 Reg. Length: 3 YEARS
Reg. Time: 08:59:32 Expiry Date: NOV 28, 2009
Base Reg. #: 372831D Control #: B7712964

This registration was selected and included for your protection
because of close proximity to your search criteria.

Block#

S0001 Secured Party: MCAP LEASING INC.
5575 NORTH SERVICE RD, STE 300
BURLINGTON ON L7L 6M1

=D0001 Base Debtor: HYDROXYL SYSTEMS INC
(Business) 26 BASTION SQUARE
VICTORIA BC V8W1H9

Continued on Page 8

Search Criteria: HYDROXYL SYSTEMS

Page: 8

General Collateral:
(1)DRW LATERAL FILE

Registering

Party: (REGISTRY=RECOVERY) TM INC.
1551 THE QUEENSWAY
TORONTO ON M8Z 1T8

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: NOV 28, 2006 Reg. Length: 3 YEARS
Reg. Time: 09:46:22 Expiry Date: NOV 28, 2009
Base Reg. #: 373036D Control #: B7713174

This registration was selected and included for your protection

because of close proximity to your search criteria.

Block#

S0001 Secured Party: MCAP LEASING INC.
5575 NORTH SERVICE RD, STE 300
BURLINGTON ON L7L 6M1

=D0001 Base Debtor: HYDROXYL SYSTEMS INC
(Business) 26 BASTION SQUARE
VICTORIA BC V8W1H9

General Collateral:

(1) 2DRW LATERAL FILE-BLACK (4) 4 DRW LATEAL FILE-BLACK (2) LAP COMPUTER
CART-CHERRY (18) ENCHELON MID BACH CHR-BLAC3306 (18) PERFORMANCE SEAT
SLIDER (18) ADJUSTABLE ARM KIT-BLACK (4) HIGH BACK TILT-CHY/BLK LEATHER
(4) GUEST CHAIR-BLACK LEATHER (4) HON SLED BASE CLIENT-BURG BW69 (1) 71"
CREDENZA TOP ONLY CHY VEN (2) 266HX36W PANEL GLS RACE PEWTER (1) 66HX36W
PANEL GLS RACE PEWTER (2) END COVER 66" (1) 42" ROUND TABLE/X BASE-MAHO
(1) 72" STORAGE CAB-RTA-GREY (4) 23X35 RETURN SHELL-CHERRY
(4) BOX/BOX/FILE PEDESTAL-CHERRY (1) 30X60 RECTANGULAR TOP-CHERRY (2) 30"
T LEG BLACK-SINGLE (1) 120" RACE TRACK TABLE-CHY VEN (1) TACKBOARD FOR
PV544 HUTCH-GREY (3) 2 DRW LAT FILE NO TOP-CHY VENE (3) TOP ONLY FOR
PV512 OR 513-CHY (1) 2 DOOR CABINET NO TOP-CHY VEN (1) 71" HUTCH WITH
DOORS-CHERRY (2) 71" PORKCHOP CRED-LEFT-CHERRY (2) 71" PORKCHOP CRED-
RIGHT-CHERRY (10) DELUXE CLIENT CHAIR-BLK LEATH (1) 71" RADIUS/BULLET
RIGHT-CHY (1) 71" RADIUS/BULLET LEFT-CHY VE (2) 36" RETURN SHELL-CHERRY
VENEER (2) BOX/BOX/FILE PEDESTAL-CHY VEN (1) 71" HUTCH W/DOORS-CHERRY
VENEER (1) 48"H BOOKCASE-MAHO VENEER (4) MED BACK EXEC CHAIR-BLACK C510
(4) ADJUSTABLE ARM KIT-BLACK (1) MODULAR WORKSTATION TO BE SETUP (2) DRW
LAT FILE NO TOP-CHY VENE

Registering

Party: (REGISTRY=RECOVERY) TM INC.
1551 THE QUEENSWAY
TORONTO ON M8Z 1T8

Continued on Page 9

Search Criteria: HYDROXYL SYSTEMS

Page: 9

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: FEB 14, 2007 Reg. Length: 10 YEARS
Reg. Time: 13:52:24 Expiry Date: FEB 14, 2017
Base Reg. #: 504504D Control #: B7848353

This registration was selected and included for your protection
because of close proximity to your search criteria.

Block#

S0001 Secured Party: FALCON PACIFIC FINANCIAL CORP.
1600 - 1095 WEST PENDER STREET
VANCOUVER BC V6E 2M6

=D0001 Base Debtor: HYDROXYL SYSTEMS INC.
(Business) 202 - 26 BASTION SQUARE
VICTORIA BC V8W 1H9

General Collateral:

ALL OF THE PRESENTLY OWNED OR HELD AND AFTER ACQUIRED OR HELD PERSONAL PROPERTY OF THE DEBTOR OF WHATSOEVER NATURE OR KIND AND WHERESOEVER SITUATE, AND ALL PROCEEDS AND RENEWALS THEREOF AND THEREFROM, ACCRETIONS THERETO AND SUBSTITUTIONS THEREFOR, INCLUDING, WITHOUT LIMITATION, ALL OF THE FOLLOWING NOW OWNED OR HEREAFTER OWNED OR ACQUIRED BY OR ON BEHALF OF THE DEBTOR: ALL INVENTORY OR WHATEVER KIND AND WHEREVER SITUATE, ALL EQUIPMENT (OTHER THAN INVENTORY) OF WHATEVER KIND AND WHEREVER SITUATE, ALL BOOK ACCOUNTS AND BOOK DEBTS, ACCOUNTS, DEBTS, DUES, CLAIMS, CHARGES IN ACTION AND DEMANDS OF EVERY NATURE AND KIND HOWSOEVER ARISING OR SECURED INCLUDING LETTERS OF CREDIT AND ADVICES OF CREDIT, WHETHER NOW OR HEREAFTER OWNED BY OR BECOMING DUE TO THE DEBTOR (AND ALL DEEDS, DOCUMENTS, WRITINGS, PAPERS, BOOKS OF ACCOUNT AND OTHER BOOKS AND ELECTRONICALLY RECORDED DATA RELATING TO OR EVIDENCING OR SECURING DEBTS, CHATTEL PAPER OR DOCUMENTS OF TITLE), THE UNDERTAKING OF THE DEBTOR AND ALL MONEY, CHATTEL PAPER, DOCUMENTS OF TITLE, INSTRUMENTS, INTANGIBLES AND SECURITIES, ALL INTANGIBLE PROPERTY OF THE DEBTOR AND ALL PROPERTY WHICH IS OR HEREAFTER BECOMES A FIXTURE OR WHICH CONSTITUTES A LICENCE, QUOTA, PERMIT, OR OTHER SIMILAR RIGHT OR BENEFIT OR CROPS.

(FOR FURTHER CLARIFICATION, REFER TO THE GSA DATED FEBRUARY 9, 2007)

Registering

Party: MACKENZIE FUJISAWA
1600-1095 WEST PENDER STREET
VANCOUVER BC V6E 2M6

----- A M E N D M E N T / O T H E R C H A N G E -----

Reg. #: 249289E

Reg. Date: MAR 18, 2008

Reg. Time: 12:04:56

Control #: B8614929

Base Reg. Type: PPSA SECURITY AGREEMENT

Base Reg. #: 504504D

Base Reg. Date: FEB 14, 2007

Details Description:

SUBORDINATION AGREEMENT IN FAVOUR OF ALTERINVEST FUND II LP
(BASE REGISTRATION NO. 189619E)

Continued on Page 10

Search Criteria: HYDROXYL SYSTEMS

Page: 10

Registering

Party: FRASER MILNER CASGRAIN LLP
1040 WEST GEORGIA ST, STE 1500

VANCOUVER BC V6E 4H8

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: MAY 25, 2007 Reg. Length: 5 YEARS
 Reg. Time: 15:00:34 Expiry Date: MAY 25, 2012
 Base Reg. #: 695721D Control #: B8010973

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: SEASPAN INTERNATIONAL LTD
 10 PEMBERTON STREET
 NORTH VANCOUVER BC V7P 2R1

=D0001 Base Debtor: HYDROXYL SYSTEMS INC
 (Business) 9800 MCDONALD PARK RD. 2ND FLR
 SIDNEY BC V8L 5W5

General Collateral:

ALL OF THE PRESENTLY OWNED OR HELD AND AFTER ACQUIRED OR HELD PERSONAL PROPERTY OF THE DEBTOR OF WHATSOEVER NATURE OR KIND AND WHERESOEVER SITUATE, AND ALL PROCEEDS AND RENEWALS THEREOF AND THEREFROM, ACCRETIONS THERETO AND SUBSTITUTIONS THEREFOR, INCLUDING, WITHOUT LIMITATION, ALL OF THE FOLLOWING NOW OWNED OR HEREAFTER OWNED OR ACQUIRED BY OR ON BEHALF OF THE DEBTOR:
 ALL INVENTORY OF WHATEVER KIND AND WHEREVER SITUATE, ALL EQUIPMENT (OTHER THAN INVENTORY) OF WHATEVER KIND AND WHEREVER SITUATE, ALL BOOK ACCOUNTS AND BOOK DEBTS, ACCOUNTS, DEBTS, DUES, CLAIMS, CHARGES IN ACTION AND DEMANDS OF EVERY NATURE AND KIND HOWSOEVER ARISING OR SECURED INCLUDING LETTERS OF CREDIT AND ADVICES OF CREDIT, WHETHER NOW OR HEREAFTER OWNED BY OR BECOMING DUE TO THE DEBTOR (AND ALL DEEDS, DOCUMENTS, WRITINGS, PAPERS, BOOKS OF ACCOUNT AND OTHER BOOKS AND ELECTRONICALLY RECORDED DATA RELATING TO OR EVIDENCING OR SECURING DEBTS, CHATTEL PAPER OR DOCUMENTS OF TITLE), THE UNDERTAKING OF THE DEBTOR AND ALL MONEY, CHATTEL PAPER, DOCUMENTS OF TITLE, INSTRUMENTS, INTANGIBLES AND SECURITIES, ALL INTANGIBLE PROPERTY OF THE DEBTOR AND ALL PROPERTY WHICH IS OR HEREAFTER BECOMES A FIXTURE OR WHICH CONSTITUTES A LICENCE, QUOTA, PERMIT, OR OTHER SIMILAR RIGHT OR BENEFIT OR CROPS.
 TERMS USED IN THIS GENERAL COLLATERAL DESCRIPTION WHICH ARE DEFINED IN THE PERSONAL PROPERTY SECURITY ACT OF BRITISH COLUMBIA ("PPSA") HAVE THE MEANINGS SET FORTH IN THE PPSA UNLESS THE CONTEXT OTHERWISE REQUIRES OR THEY ARE OTHERWISE DEFINED HEREIN OR IN ANY SECURITY AGREEMENT BETWEEN THE DEBTOR AND THE SECURED PARTY TO WHICH THIS FINANCING STATEMENT APPLIES.

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(HEREINAFTER COLLECTIVELY REFERRED TO AS THE 'INVENTORY'). AND ALL DEEDS, DOCUMENTS, WRITINGS, PAPERS AND BOOKS RELATING TO OR BEING RECORDS OF INVENTORY OR ITS PROCEEDS OR BY WHICH INVENTORY OR ITS PROCEEDS ARE OR MAY HEREAFTER BE SECURED, MADE PAYABLE, EVIDENCED, OR ACKNOWLEDGED; INCLUDING SECURITIES, CHATTEL PAPER, INSTRUMENTS AND DOCUMENTS OF TITLE, AND ALL CONTRACTUAL RIGHTS, INSURANCE CLAIMS, PATENTS, TRADEMARKS, COPYRIGHTS AND OTHER INDUSTRIAL PROPERTY RELATING TO INVENTORY OR ITS PROCEEDS! PROCEEDS: ALL PROCEEDS INCLUDING, WITHOUT LIMITATION, EQUIPMENT (EQUIPMENT INCLUDES, WITHOUT LIMITATION, MACHINERY, TOOLS, APPARATUS, PLANT, FURNITURE, FIXTURES, AIRCRAFT AND VEHICLES OF WHATSOEVER NATURE AND KIND), INTANGIBLES, INVENTORY, MONEY, CHATTEL PAPER, DOCUMENTS OF TITLE, SECURITIES, CROPS, LICENCES AND INSTRUMENTS.

Registering

Party: ROYAL BANK OF CANADA
180 WELLINGTON ST, W. 3RD FLR.
TORONTO ON M5J 1J1

Continued on Page 15

Search Criteria: HYDROXYL SYSTEMS

Page: 15

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: JAN 24, 2008 Reg. Length: 10 YEARS
Reg. Time: 11:40:21 Expiry Date: JAN 24, 2018
Base Reg. #: 153344E Control #: B8516161

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: FALCON PACIFIC FINANCIAL CORPORATION
#1600-1095 WEST PENDER STREET
VANCOUVER BC V6E 2M6

=D0001 Base Debtor: HYDROXYL SYSTEMS INC.
(Business) 202-26 BASTION SQUARE
VICTORIA BC V8W 1H9

General Collateral:

ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Registering

Party: DYE & DURHAM COMPANY INC.
734 BROUGHTON, MAIN FLOOR
VICTORIA BC V8W 1E1

----- A M E N D M E N T / O T H E R C H A N G E -----

Reg. #: 249265E Reg. Date: MAR 18, 2008
Reg. Time: 11:53:39
Control #: B8614910
Base Reg. Type: PPSA SECURITY AGREEMENT
Base Reg. #: 153344E Base Reg. Date: JAN 24, 2008

