

Draft of September 15, 1978

MEMORANDUM OF AGREEMENT made as of the            day  
of September, 1978.

B E T W E E N:

LIMITED,  
a company incorporated under  
the laws of            with its  
head office at Commerce Court  
West, Toronto, Ontario.

(hereinafter referred to as the "Company"),

OF THE FIRST PART,

- and -

HSA REACTORS LIMITED,  
a corporation incorporated under  
the laws of the Province of Ontario,  
with its head office at  
85 Richmond Street West,  
Toronto, Ontario.

(hereinafter referred to as "HSA"),

OF THE SECOND PART.

WHEREAS HSA is the sole legal and beneficial owner  
of certain unpublished patent applications, (including U.S.  
patent application numbers 810253, 810254 and 810246), inventions  
and confidential information relating, directly or indirectly,  
to electro-chemical processes and the electro-chemical treat-  
ment of waste waters, other effluents and liquids and to a  
reactor for electro-chemical processes (all of which unpublished  
patent applications, inventions and confidential information  
are sometimes hereinafter collectively referred to as the  
"Confidential Information");

AND WHEREAS the Company has requested the opportunity to examine and review in a careful and systematic manner the Confidential Information relating to the development of the said reactor and its potential applications;

AND WHEREAS HSA, in permitting the Company to examine and review the Confidential Information would, of necessity, disclose confidential and proprietary information to the Company;

NOW THEREFORE WITNESSETH that in consideration of the sum of Five Dollars (\$5) (Canadian) now paid by each of the parties to the other (the receipt and sufficiency of which are hereby acknowledged) the parties covenant and agree as follows:

1. REPRESENTATIONS AND WARRANTIES BY THE COMPANY

1.1 The Company represents and warrants to HSA that neither it nor any affiliate (as defined in The Business Corporations Act of Ontario) is (i) presently developing, directly or indirectly or (ii) presently negotiating with any other party in respect of the development of, a reactor or process or other technology in the field of electro-chemistry utilizing carbon fibre or metallic filaments as electrodes.

1.2 The Company acknowledges that HSA's Ownership interest in the Confidential Information represents a

valuable asset of HSA. If HSA discloses all or any part thereof to the Company, it will do so relying upon the covenants herein contained.

2. COVENANTS BY THE COMPANY

2.1 The Company covenants and agrees with HSA as follows:

- (a) to treat all Confidential Information disclosed to HSA to it, its employees or agents as confidential;
- (b) to hold such Confidential Information in trust for HSA;
- (c) to require each employee or agent for the Company to whom any Confidential Information is disclosed or to whom it may reasonably be expected to be available to enter into a confidential disclosure agreement of similar terms and effect to this Agreement and whereby such employee or agent agrees with HSA and the Company for his part to do all things within his power to give effect to the intent hereof; and
- (d) to indemnify HSA from and against any actions, causes of action, liabilities, losses, damages, and reasonable costs or expenses, arising directly or indirectly by reason of the breach of any of the terms

- (i) of this Agreement by the Company or
- (ii) of any of the agreements referred to in clause (c) above by the employee or agent in question,

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0 | whether or not HSA is, itself, in breach of this Agreement or any such other agreement.

2.2 The Company covenants and agrees with HSA:

- (a) not to disclose any of the Confidential Information or information relating to the affairs of HSA to any person, firm or corporation, except employees or agents of the Company who have a need to know and who have executed and delivered to the Company and to HSA a confidential disclosure agreement as contemplated by clause 2.1(c) hereof; and
- (b) not to use any of the Confidential Information except in accordance with the written agreements between the Company and HSA in force from time to time and for the purposes for which such information has been disclosed.

3. TERMINATION OF CONFIDENTIALITY

3.1 The Company's obligations of confidentiality and non-disclosure shall cease to apply to any item of Confidential Information:

- (a) if, as and when such item is disclosed in a printed publication otherwise than by breach

hereof or of any agreement by any employee  
or agent of the Company contemplated hereunder;  
or

- (b) if such item was known to the Company at the  
time of disclosure by HSA; or
- (c) if such item was disclosed to the Company by a  
third party not under
  - (i) an obligation of confidence to HSA,
  - (ii) or an obligation of confidence to any  
third party which owes such a duty of  
confidentiality to HSA.

4. MISCELLANEOUS

4.1 This Agreement and the rights and obligations of the  
parties hereunder shall enure to the benefit of and be binding  
upon the parties, their respective successors and assigns.

IN WITNESS WHEREOF this Agreement has been executed  
by the parties hereto.

LIMITED.

By \_\_\_\_\_

\_\_\_\_\_  
C.S.

HSA REACTORS LIMITED

By \_\_\_\_\_

\_\_\_\_\_  
C.S.