ASSET PURCHASE AGREEMENT

THIS AGREEMENT made effective as of August 31, 2005.

BETWEEN:

LUXELL TECHNOLOGIES INC., a corporation duly incorporated under the *Business Corporations Act* (Ontario)

(the "**Vendor**")

– and.

LUX OPERATING LIMITED PARTNERSHIP, an Ontario limited partnership

(the "**Purchaser**")

BACKGROUND

A. The Vendor owns all the property and resources that are required for the business of commercializing and distributing flat panel display technologies and solutions for defence, avionics and consumer industries (the "**Product**") presently carried on by the Vendor, either directly under the name Luxell Technologies Inc., or through its business unit Aktelux (the "**Business**").

B. The Purchaser wishes to acquire the Product from the Vendor so that it may carry on the Business.

C. The Vendor has agreed to provide to the Purchaser the support and premises that the Purchaser requires to carry on the Business pursuant to the terms and conditions of a support agreement between the Vendor and Purchaser dated effective as of August 31, 2005 (the "**Support Agreement**") attached hereto as **Schedule 1.1(u)**.

D. The Vendor wishes to transfer the assets of the Business, which include: (i) certain registered patents (the "**Patents**") as set out in **Schedule 1.1(b)(i)**; and (ii) certain other assets including without limitation proprietary design and process data, related know-how required in the performance of the Business, customer lists and any related contracts (the "**Other Assets**") as set out in **Schedule 1.1(b)(ii)** (the Patents and Other Assets being collectively referred to herein as the "**Business Assets**") upon and subject to the terms and conditions set out below.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT for good and valuable consideration, the receipt and sufficiency of which each party acknowledges, the parties agree as follows:

ARTICLE I
INTERPRETATION

1.1 **Definitions**. Whenever used in this Purchase Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms will have the respective meanings ascribed to them as follows:

(a) "**Business**" has the meaning given in Recital A.

(b) "**Business Assets**" has the meaning given in Recital D above.

(c) "**Closing**" or "**Closing Date**" means November 10, 2005 or such other date as may be mutually agreed upon by the parties.

(d) "**Damages**" has the meaning given in **Section 7.1**.

(e) "**Effective Date**" means August 31, 2005.

(f) "**Encumbrance**" means any and all liens, mortgages, charges, hypothecs, pledges, security interests, prior assignments, options, warrants, Leases, subleases, rights to possession, or other encumbrances and claims, rights, restrictions and other interests, of any nature and kind whatsoever or howsoever arising, whether direct or indirect or otherwise which affect, directly or indirectly, title to any particular property or asset.

(g) "**GST**" means taxes, interest, penalties and fines imposed under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder.

(h) "**IP Registrars**" has the meaning given in Section 5.2.

(i) "**ITC Refund**" means the negative net tax payable as a refund where the input tax credit receivable by a Person under the *Excise Tax Act* (Canada) in respect of the GST paid or payable by the Person in connection with the purchase of a taxable supply in a particular reporting period exceeds the tax collected and remittable by that Person in the same reporting period.

(j) "**Law**" means with respect to a Person, any Canadian federal, provincial, local or administrative statute, law, regulation, rule, order, consent, decree, judgment, permit, licences, code, common law, treaty, convention, ordinance or determination of a court or other competent authority, in each case applicable to or binding upon such Person or any of the property of such Person.

(k) "**LUX ILP**" means the LUX Investor Limited Partnership, being the parent limited partnership of the Purchaser.

(l) "**Other Assets**" has the meaning given in Recital D.

(m) "**Patents**" has the meaning given in Recital D.

(n) "**Person**" means an individual, a partnership, a corporation, a limited liability company, a trust, an unincorporated organization and the heirs, executors, administrators or other legal representatives of an individual.

(o) "**Product**" has the meaning given in Recital A.

(p) "**Purchase Agreement**" means this asset purchase agreement and all instruments expressly in amendment hereof signed by all parties hereto; "hereof", "hereto", and "hereunder" and similar expressions mean and refer to this Purchase Agreement and not to any particular Article or Section; "Article", "Section", "paragraph" or "clause" means and refers to the specified article, section, paragraph or clause of this Purchase Agreement.

(q) "**Purchase Notes**" has the meaning given in **Section 2.2(i)(b)**.

(r) "**Purchase Price**" means $29,000,000.

(s) "**Purchaser Indemnified Persons**" has the meaning given in **Section 7.1**.

(t) "**Representatives**" has the meaning given in **Section 7.1**.

(u) "**Support Agreement**" has the meaning given in Recital C.

(v) "**Vendor Indemnified Persons**" has the meaning given in **Section 7.2**.

1.2 **Interpretation**. Whenever the singular or masculine is and the same will be deemed to include the plural or feminine or the body politic where the content or the parties so require.

1.3 **Headings**. The headings of this Purchase Agreement are inserted for convenience only and will not affect the construction or interpretation of this Purchase Agreement.

1.4 **Schedules**. The following are the Schedules annexed hereto and incorporated by reference and deemed to be part hereof:

Schedule	1.1(b)(i)	–	Patents
Schedule	1.1(b)(ii)	–	Other Assets
Schedule	1.1(u)	–	Support Agreement
Schedule	2.3	–	Allocation of Purchase Price
Schedule	3.1(i)	–	Litigation and Claims

ARTICLE II
PURCHASE AND SALE AND PURCHASE PRICE

2.1 **Purchase and Sale**. The Vendor agrees to sell, grant, assign, convey and transfer the Business Assets as of the Effective Date, together with any and all benefits, advantages, privileges and rights arising thereunder or to be derived therefrom, to the Purchaser free and clear of all Encumbrances and rights of others (other than those in favour of the Purchaser), and as of the Effective Date the Purchaser agrees to purchase or assume from the Vendor the Business Assets.

2.2 **Purchase Price**. The Purchase Price will be paid by the Purchaser to the Vendor or satisfied on the Closing Date as follows:

(a) as to the amount of $3,000,000 by payment to the Vendor on or before Closing of such amount by certified cheque or bank draft payable to or to the order of the Vendor, or such other form acceptable to the Vendor;and

(b) as to the amount of $26,000,000, by the assignment by the Purchaser to the Vendor of promissory notes worth $26,000,000 in the aggregate payable by the individual investors in LUX ILP to the Purchaser (the "**Purchase Notes**") which Purchase Notes are assigned and accepted as full and final satisfaction of $26,000,000 in consideration, provided that the Vendor acknowledges that its only claim for payment under the Purchase Notes is against the individual investors in LUX ILP, and not against the Purchaser.

2.3 **Allocation of Purchase Price**. The Vendor and the Purchaser agree that the Purchase Price will be allocated among the Business Assets, for tax purposes in the manner set out in **Schedule 2.3.**

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE VENDOR

3.1 The Vendor hereby represents and warrants to the Purchaser that:

(a) **Organization and Existence of the Vendor**. The Vendor is a corporation duly incorporated, duly organized and validly existing, and is up to date in all of the filings and registrations required under the laws of the Province of Ontario and it has all necessary corporate power, authority and capacity to own or lease its property and assets and to carry on its business as presently conducted by it.

(b) **No Options**. No Person as at Closing has any right, option, agreement or arrangement capable of becoming an agreement for the acquisition of any of the Business Assets or any interest therein from the Vendor.

(c) **Due Authorization, etc.** The Vendor has all necessary corporate power, authority and capacity to enter into this Purchase Agreement and the agreements and other instruments contemplated herein and to perform their respective obligations hereunder and thereunder. The execution and delivery of this Purchase

Agreement and the agreements and other instruments contemplated herein and the consummation of the transactions contemplated hereunder have been duly authorized by all necessary corporate action on the part of the Vendor.

(d) **Valid and Binding Obligation**. This Purchase Agreement constitutes, and the agreements and other instruments contemplated herein when executed will constitute, valid and binding obligations of the Vendor enforceable against the Vendor in accordance with the terms hereof except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may only be granted by a court of competent jurisdiction.

(e) **No Conflict, Law**. The execution, delivery and performance of this Purchase Agreement and the agreements and other instruments contemplated herein by the Vendor is not in contravention of and will not result in the breach of :

(i) any Law;

(ii) the terms of the articles or by-laws of the Vendor; or

(iii) any agreement to which the Vendor is a party or by which the Vendor is bound.

(f) **Consents**. All necessary third party consents required to be obtained by the Vendor to the transactions contemplated by this Purchase Agreement, and the agreements and other instruments contemplated herein, and the consummation of the transactions contemplated hereunder have been obtained.

(g) **Condition and Description of the Vendor's Assets**. The Business Assets are owned and used by the Vendor in connection with its business and are in compliance with all applicable laws, regulations, by–laws, ordinances and orders.

(h) **Intellectual Property Rights**. The Vendor is not, to its knowledge, infringing, any patent, trade mark, trade name, copyright, proprietary or similar right, domestic or foreign, of any other Person. There is included in **Schedule 1.1(b)(i)** and **Schedule 1.1(b)(ii)** a list (including, where applicable, application for registration and registration particulars) of all registered patents, trade marks, trade names, copyrights and proprietary or similar rights, both domestic and foreign, which are owned or used by the Vendor in connection with the Business and the Vendor has the sole and exclusive right to use the same and the same are in good standing and duly registered in all appropriate offices to preserve the right thereof and thereto. There are neither any royalty payments, licence fees or charges payable to or by the Vendor nor any licence, registered user or other agreements in respect thereof. The Vendor has included in **Schedule 1.1(b)(i)** and **Schedule 1.1(b)(ii)**) all patents (whether registered or unregistered) required to carry on the Business and there are no other patents (registered or unregistered) which would be required to carry on the Business. The Vendor has not improperly used any trade secrets belonging to any third party.

(i) **Litigation and Claims**. Except as disclosed in **<u>Schedule 3.1(i)</u>**:

(i) There is no suit, action, litigation, labour grievance or complaint, investigation, (including, without limitation, investigations under human rights or health and safety legislation) or administrative, governmental, arbitration or other proceeding (whether or not purportedly on behalf of the Vendor), including without limitation appeals and applications for review, in progress, pending or threatened against or relating to the Vendor, or affecting the Business Assets, or affecting the right of the Vendor to enter into this Purchase Agreement or perform the Vendor's obligations hereunder.

(ii) The Vendor is not aware (after due enquiry of the senior officers of the Vendor) of any existing grounds upon which any suit, action, litigation, labour grievance or complaint, investigation or proceeding referred to in clause (i) above might be commenced with any reasonable likelihood of success.

(iii) There is not presently outstanding against the Vendor any judgment, decree, injunction, rule, order or award of any court, governmental department, commission, board, bureau, agency, instrumentality or arbitrator or any settlement agreement binding upon it or them.

(iv) There are no open files, notices of violation or outstanding work orders relating to the equipment, building or realty owned or used by the Vendor in relation to the Business Assets from or required by any police, fire department, sanitation, health, worker safety or factory authorities or any federal, provincial or local authority, or any matters under discussion with any such authority or department relating to open files, notice of violation or work orders. No order affecting the Business Assets has been issued or is expected to be issued by the Department of Labor, or any other regulatory body, agency or authority.

(j) **Copies of Agreements etc.** True, correct and complete copies of all mortgages, Leases, agreements, instruments and other documents listed in the Schedules hereto have been delivered to the Purchaser.

(k) **Ownership**. The Business Assets are owned by the Vendor free and clear of all Encumbrances and rights of others. All of the Business Assets are held directly by the Vendor and none of the Business Assets are owned by the Vendor through its subsidiary Aktelux Corp.

(l) **Assets to Carry on Business.** The Vendor has no other assets required to carry on the Business other than those being transferred under this Purchase Agreement or subject to the Support Agreement.

3.2 **Reliance**. The Vendor hereby expressly acknowledges that the Purchaser is relying upon the covenants, representations and warranties of the Vendor contained in this

Purchase Agreement or in any agreement, certificate or other document delivered pursuant hereto in connection with the purchase of the Business Assets hereunder.

3.3 **GST Registration.** The Vendor is a registrant for purposes of the *Excise Tax Act* (Canada).

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

4.1 The Purchaser hereby covenants, represents and warrants to the Vendor that:

(a) **Organization and Existence**. The Purchaser is a limited partnership duly formed, duly organized and validly existing under the laws of the Province of Ontario and is qualified to carry on business under the laws of the Province of Ontario.

(b) **Due Authorization, etc**. The Purchaser has all necessary power, authority and capacity to enter into this Purchase Agreement, the Purchase Notes (including without limitation the assignment of the Purchase Notes) and the agreements and other instruments contemplated herein and to perform its obligations hereunder and thereunder. The execution and delivery of this Purchase Agreement and the agreements and other instruments contemplated herein and the performance of the transactions contemplated hereunder and thereunder have been duly authorized by all necessary action on the part of the Purchaser.

(c) **Purchase Note.** The Purchase Notes being delivered on the Closing Date are free from all Encumbrances and no consent is required for the assignment thereof.

4.2 **Reliance**. The Purchaser hereby expressly acknowledges that the Vendor is relying upon the covenants, representations and warranties of the Purchaser contained in this Purchase Agreement or in any agreement, certificate or other document delivered pursuant hereto in connection with the sale of the Business Assets hereunder.

4.3 **GST Registration.** The Purchaser is a registrant for purposes of the *Excise Tax Act* (Canada).

ARTICLE V
COVENANTS OF THE VENDOR AND THE PURCHASER

5.1 **Covenants of the Vendor**. Without limiting anything elsewhere herein contained, the Vendor covenants and agrees that on the Closing Date, the Vendor will take all necessary steps and proceedings as approved by counsel for the Purchaser, acting reasonably, to permit all of the Business Assets to be duly and regularly transferred to the Purchaser or its nominee(s) at the Closing at the sole cost and expense of the Vendor.

5.2 **Transfer of Patent and related assets.** For greater certainty, and without limiting any of the foregoing, the Vendor covenants that it will at its sole cost and expense undertake to complete and register any and all documents or agreements required to properly effect the foregoing, including the registration of the transfer of the Patents, trademarks, industrial designs and copyrights to the Purchaser with the Canadian Intellectual Property Office and any foreign equivalent (collectively the "**IP Registrars**") and the delivery thereto of any and all required materials or consents. Further, the Vendor covenants that it will assume the sole effort and cost of completing any patent applications already in process and that it will upon receipt of a patent register the transfer of same to the Purchaser with any and all IP Registrars.

5.3 **Third-Part Consents**. To the extent that any of the Patents or Other Assets (or any part of any of the preceding) is not transferable or assignable without the consent of another Person (each an "**Asset Requiring Consent**"), this Purchase Agreement shall not constitute an assignment or an attempted assignment thereof, or an assumption or attempted assumption of liabilities arising thereunder, if such assignment or attempted assignment would constitute a breach of any agreement relating to any such Asset Requiring Consent unless the necessary consents are obtained. The Vendor and the Purchaser shall use commercially reasonable efforts to obtain the consent of such other Person to the assignment or transfer of any Asset Requiring Consent to the Purchaser, and the release of the Vendor from its obligations thereunder, if any, in all cases in which such consent is or may be required for such assignment or transfer. If any such consent shall not be obtained, the Vendor and the Purchaser shall cooperate in any reasonable arrangement designed to provide (a) the Purchaser with the benefits intended to be assigned or transferred to the Purchaser (including enforcement at the cost and for the account of the Purchaser of any and all rights of the Vendor against the other party thereto arising out of the breach or cancellation thereof by such party or otherwise); and (b) for the Purchaser to relieve the Vendor of its obligations pursuant to any agreement relating to any Asset Requiring Consent. If and to the extent that such arrangements cannot be made, the Vendor will hold any such Assets Requiring Consent in trust for the Purchaser and the Vendor will ensure that the Purchaser thereby receives the full benefit of such Assets Requiring Consent. Further, if and to the extent that such arrangements cannot be made, the Purchaser shall have no obligation with respect to any such Asset Requiring Consent to the extent that it does not receive the full and entire benefit in respect thereof.

ARTICLE VI
SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE VENDOR AND PURCHASER

6.1 **Survival of Representations and Warranties of the Vendor**. The representations and warranties of the Vendor contained in this Purchase Agreement or in any agreement, certificate or any other document delivered or given pursuant to this Purchase Agreement will survive the completion of the transactions contemplated by this Purchase Agreement and, notwithstanding such completion or any investigation made by or on behalf of the Purchaser, will continue in full force and effect for the benefit of the Purchaser provided, however, that subject to **<u>Article VII</u>**, the representations and warranties of the Vendor will terminate at the expiration of two years from the Closing Date.

6.2 **Survival of Covenants of the Vendor**. The covenants of the Vendor contained in this Purchase Agreement or in any agreement, certificate or any other document delivered or given pursuant to this Purchase Agreement will survive the completion of the transactions contemplated by this Purchase Agreement and by their nature, notwithstanding such completion or any investigation made by or on behalf of the Purchaser, will continue in full force and effect for the benefit of the Purchaser.

6.3 **Survival of Representations, Warranties and Covenants of the Purchaser**. The covenants, representations and warranties of the Purchaser contained in this Purchase Agreement or in any agreement, certificate or any other document delivered or given pursuant to this Purchase Agreement will survive the completion of the transactions contemplated by this Purchase Agreement and, notwithstanding such completion or any investigation made by or on behalf of the Vendor, will continue in full force and effect for the benefit of the Vendor provided, however, that subject to **Article VII**, the covenants, representations and warranties of the Purchaser will terminate at the expiration of two years from the Closing Date.

ARTICLE VII
INDEMNIFICATION

7.1 **Indemnity**. Vendor shall indemnify and hold harmless Purchaser and the Purchaser's affiliated entities, and their respective officers, directors, partners, members, employees, agents, consultant, advisors and other representatives (collectively, "**Representatives**"), unitholders, controlling persons, and affiliates (collectively, the "**Purchaser Indemnified Persons**") for, and will pay to the Purchaser Indemnified Persons the amount of, any loss, liability, claim, damage, and expense (including costs of investigation and defense and reasonable attorneys' fees and expenses), whether or not involving a third–party claim, and only to the extent in excess of **$50,000** (collectively, "**Damages**"), incurred as the result of, or in connection with:

(a) any breach of any representation or warranty or covenant made by the Vendor in this Purchase Agreement, and any schedules, exhibits and agreements attached to this Purchase Agreement, in any other written disclosures to the Purchaser pursuant to this Purchase Agreement, or any certificate delivered by the Vendor pursuant to this Purchase Agreement;

(b) any breach or failure to fulfill or perform by the Vendor of any covenant or Obligation of the Vendor in this Purchase Agreement;

(c) any product manufactured or sold, or any services provided, by the Vendor in connection with the Business Assets prior to the Closing Date; or

(d) any matter disclosed in the schedules regarding legal proceedings and orders, and any and all product liability claims in which the date of the incident occurred prior to the Closing Date.

7.2 **Indemnification and Payment of Damages by Purchaser**. The Purchaser shall indemnify and hold harmless the Vendor and its respective Representatives, shareholders, controlling persons, and affiliates (collectively, the "**Vendor Indemnified Persons**") for, and will pay to the Vendor Indemnified Persons the amount of, any Damages arising, directly or indirectly, from or in connection with:

(a) any breach of any representation or warranty or covenant made by the Purchaser in this Purchase Agreement, and any schedules, exhibits and agreements attached to this Purchase Agreement, in written disclosures to the Vendor pursuant to this Purchase Agreement, or in any certificate delivered by the Purchaser pursuant to this Purchase Agreement;

(b) any breach or failure to fulfill or perform by the Purchaser of any covenant or Obligation of the Purchaser in this Purchase Agreement; or

(c) any and all product liability claims in which the incident in connection with the Business Assets occurred after the Closing Date.

7.3 **Bulk Sales Indemnification.** The Vendor agrees to indemnify and save harmless the Purchaser and its partners (both general and limited) and the directors, officers and employees of its general partner, and their respective successors and assigns from and against any and all actions, suits, losses, liabilities, obligations, fees, fines, taxes, penalties, interest, charges, demands, costs and expenses (including legal costs on a solicitor and own client basis and any amounts paid in settlement of the foregoing) of any nature or kind whatsoever which the Purchaser may pay, sustain, suffer or incur, directly or indirectly, by reason of or in connection with the application of the *Bulk Sales Act* (Ontario) in respect of the transactions contemplated in this Purchase Agreement, including any non-compliance therewith. Notwithstanding any other provisions in this Purchase Agreement this bulk sales indemnity shall not merge upon but shall survive closing, in full force and effect, and shall enure to the benefit of the Purchaser and shall be binding on the Vendor, its respective successors and assigns.

ARTICLE VIII
CLOSING

8.1 **Closing Date and Transfer of Possession**. Subject to compliance with the terms and conditions hereof, the transfer of possession of the Business Assets will be deemed to take effect as of the Effective Date and Closing shall take place at the offices of WeirFoulds LLP, 15th Floor, Exchange Tower, 130 King Street West, Toronto, Ontario, Canada or at such other location as may be mutually agreed upon by the parties hereto.

8.2 **Vendor's Documents**. The Vendor will deliver to the Purchaser:

(a) such approvals or consents as are required to permit the change of ownership of the Business Assets contemplated hereby from all appropriate federal, provincial, municipal or other governmental or administrative bodies as are necessary to effectively vest good and marketable title to the Business Assets in the Purchaser free and clear of all Encumbrances except as otherwise provided in this Purchase Agreement;

(b) undertaking to complete and register any and all documents or agreements required to properly effect the transfer of the Business Assets including, for greater certainty, the registration of the transfer of the Patents, trademarks, industrial designs and copyrights to the Purchaser with any and all IP Registrars and the delivery thereto of any and all required materials or consents;

(c) such approvals or consents as are required to permit the change of ownership of the Business Assets contemplated hereby from the Vendor as are necessary to effectively vest good and marketable title to the Business Assets in the Purchaser free and clear of all Encumbrances except as otherwise provided in this Purchase Agreement; and

(d) a certified copy of a resolution of the board of directors of the Vendor authorizing the execution and delivery of this Purchase Agreement and the consummation of the transactions contemplated hereby; and

8.3 **Purchaser's Documents**. The Purchaser will deliver, or cause to be delivered, to the Vendor:

(a) an instrument that assigns the Purchase Notes to the Vendor;

(b) a certified copy of a resolution of the Purchaser authorizing the execution and delivery of this Purchase Agreement and the consummation of the transactions contemplated hereby; and

(c) the cheque or bank draft referred to in Section 2.2 of this Purchase Agreement.

8.4 The Vendor and Purchaser shall, in a timely fashion, jointly elect under Section 167(1) of the *Excise Tax Act* (Canada) and under any similar provision of any applicable provincial legislation, following the prescribed form and including the prescribed information, with respect to the purchase and sale of the Business Assets pursuant to the provisions of this Agreement. The Purchaser shall file the joint election with the return required to be filed by the Purchaser under the *Excise Tax Act* (Canada) for the Purchaser's reporting period in which the sale was made, in compliance with the requirements of the *Excise Tax Act* (Canada).

ARTICLE IX
GENERAL

9.1 **Public Notices**. The parties hereto hereby agree that no press release with respect to the transactions contemplated in this Purchase Agreement will be issued without the consent of both the Purchaser and the Vendor except as may be required by law.

9.2 **Expenses**. All costs and expenses incurred in connection with this Purchase Agreement and the transactions contemplated hereby will be paid by the party incurring such expenses.

9.3 **Time**. Time will be of the essence of this Purchase Agreement and of every part hereof and no extension or variation of this Purchase Agreement will operate as a waiver of this provision.

9.4 **Notices**. All payments and communications which may be or are required to be given by either party to the other herein, will (in the absence of any specific provision to the contrary) be in writing and delivered or sent by prepaid certified mail or telecopier to the parties at their following respective addresses:

to the Purchaser:

LUX Operating Limited Partnership
1388 Cornwall Road
Unit A
Oakville, ON L6J 7W5

Attention: President of the General Partner
Fax No.: 905-338-8042

to the Vendor:

Luxell Technologies Inc.
2145 Meadowpine Blvd.
Mississauga, ON L5N 6R8

Attention: President
Fax No.: 905-363-0336

9.5 **Governing Law**. This Purchase Agreement and the rights and obligations and relations of the parties hereto will be governed by and construed in accordance with the Laws of the Province of Ontario and the federal Laws of the Canada applicable therein (but without giving effect to any conflict of laws rules). The parties hereto agree that the Courts located in Ontario shall have exclusive jurisdiction to entertain any action or other legal proceedings based on any provisions of this Purchase Agreement.

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9.6 **Headings**. The headings in this Purchase Agreement and in the Schedules hereto are inserted solely for convenience of reference and do not affect the interpretation thereof or define, limit or construe the contents of any provision of this Purchase Agreement.

9.7 **Entire Agreement**. With respect to the subject matter of this Purchase Agreement, this Purchase Agreement (a) sets forth the entire agreement between the parties hereto and any Persons who have in the past or who are now representing either of the parties hereto, (b) supersedes all prior understandings and communications between the parties hereto or any of them, oral or written and (c) constitutes the entire agreement between the parties hereto together with all exhibits, schedules, as this Purchase Agreement, together with such exhibits, schedules, constitutes the sole governing agreement. Each party hereto acknowledges and represents that this Purchase Agreement is entered into after full investigation and that no party is relying upon any statement or representation made by any other which is not embodied in this Purchase Agreement. Each party hereto acknowledges that he or it will have no right to rely upon any amendment, promise, modification, statement or representation made or occurring subsequent to the execution of this Purchase Agreement unless the same is in writing and executed by each of the parties hereto.

9.8 **Counterparts**. This Purchase Agreement may be delivered by facsimile and executed in any number of counterparts as may be necessary, with all such counterparts, when taken together, constituting one and same original instrument.

9.9 **Negotiation**. This Purchase Agreement has been negotiated and approved by counsel on behalf of all parties hereto and, notwithstanding any rule or maxim of construction to the contrary, any ambiguity or uncertainty will not be construed against any party hereto by reason of the authorship of any of the provisions hereof.

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

LUXELL TECHNOLOGIES INC.

Per: *"John Wright"*
Authorized Signatory

LUX OPERATING LIMITED PARTNERSHIP by its General Partner, 2078970 ONTARIO INC.

Per: *"John MacDonald"*
Authorized Signatory

<u>SCHEDULE 1.1(b)(i)</u>
<u>PATENTS</u>

PATENT PORTFOLIO (INCLUDING, BUT NOT RESTRICTED TO)

The Luxell product and technology licensing businesses are built upon a comprehensive and sound base of patents which reflect the company's underlying knowledge. This knowledge base continues to evolve, which is then reflected in the content of this intellectual property library, which exists as a number of branches or "cases". At the time of this transaction, the Luxell Technologies Inc. ("**LTI**") intellectual property portfolio, which falls within this domain is considered to comprise:

<u>Case 0</u>

The first listed patent group is entitled OPTICAL INTERFERENCE ELECTROLUMINESCENT DEVICE HAVING LOW REFLECTANCE and consists of four patents. All patents list Jerzy A. Dobrowolski, Brian T. Sullivan and Robert C. Bajcar as inventors and are assigned to the National Research Council of Canada ("**NRC**").

<u>Canadian Patent No. 1,302,547</u>
Filed: Dec. 2, 1988
Issued: June 2, 1992
Expires: June 2, 2009

<u>U.S. Patent No. 5,049,780</u>
Filed: September 29, 1989
Issued: September 17, 1991
Expires: September 29, 2009

<u>European Patent No. 372,763</u>
Filed: November 24, 1989
Issued: July 31, 1996
Expires: November 24, 2009?

<u>Japanese Patent No. 2,529,741</u>
Filed: December 1, 1989
Issued: September 4, 1996
Expires: December 1, 2009?

These patents are owned by the NRC.
LTI is the world-wide exclusive licensee of these patents, under an agreement which embodies its unilateral rights to sub-license.

Case 1 – OLED with Contrast Enhancement Features

This group consists of four patent applications and a Patent Cooperation Treaty application. All patent applications list David J. Johnson and Richard P. Wood as inventors and are assigned to LTI.

Canadian Patent Application No. 2,411,683
Filed: November 13, 2002
Published: May 13, 2004

Australian Patent Application No. 3,283,150
Filed: November 12, 2003
Published: June 3, 2004

European Patent Application No. 1,561,249
Filed: November 12, 2003
Published: August 10, 2005

Japanese Patent Application No. 2004000550583
Filed: May 12, 2005 (PCT National Phase entry)

Case 2 – Electroluminescent Display Packaging and Method Therefor

A United States Patent Application was filed September 1, 2002 with application number 10/030,480

Case 3 – Organic Electroluminescent Device:

This group consists of four issued patents (three U.S., one Chinese) and ten pending applications.

U.S. Patent No. 6,784,602 for an Organic electroluminescent device
Filed: October 25, 2001
Issued: August 31, 2004
Divisional application of what is now U.S. Patent No. 6,411,019

U.S. Patent No. 6,551,651 for a Method of fabricating an organic electroluminescent device
Filed: October 25, 2001
Issued: April 22, 2003
Divisional application of what is now U.S. Patent No. 6,411,019

U.S. Patent No. 6,411,019 for an Organic electroluminescent device
Filed: July 27, 1999
Issued: June 25, 2002

All U.S. Patents expire on July 27, 2009

U.S. Patent Application No. 20030412248
(Publication No. 20040052931)
Filed: April 14, 2003
Published: March 18, 2004
Continuation of what is now U.S. Patent No. 6,551,651

U.S. Patent Application No. 20010983569
(Publication No. 20030127971)
Filed: October 25, 2001
Published: July 10, 2003
Divisional of what is now U.S. Patent No. 6,411,019

Chinese Patent No. 1,199,294 – issued from application listed in Schedule "A"
Filed: July 21, 2000
Issued: April 27, 2005
Expiry:

Australian Patent Application No. 62,565
Filed : July 21, 2000
Published: February 13, 2001

Canadian Patent Application No. 2,378,442
Filed : July 21, 2000
Published: February 1, 2001

European Patent Application No. 1,300,891
Filed : July 21, 2000
Published: April 9, 2003
Divisional application of European Patent Application No. 1,208,611.

European Patent Application No. 1,208,611 (withdrawn)
Filed : July 21, 2000
Published: May 29, 2002

Japanese Patent Application No. 2003505849T2
Filed : July 21, 2000
Published: February 12, 2003

Additional supplementary applications related to the above have also be filed as follows:.

U.S. Patent Application No. 10/048,586 filed January 9, 2002
Hong Kong Patent Application 03102730.8 filed April 15, 2003
Indian Patent Application No. IN/PCT/2002/0009/MUM filed January 3, 2002
South Korean Patent Application 2002-7001007 filed July 21, 2000

Case 4 – Transparent Cathode for Top Emission Organic Light-Emitting Diodes

All applications list David J. Johnson, Sijin Han, Zhenghong Lu, Xiadong Feng, and Richard P. Wood as inventors. All applications list LTI as the owner.

Canadian Patent Application No. 2,412,379
Filed: November 22, 2002
Published: May 22, 2004

Australian Patent Application No. 3,286,037
Filed: November 21, 2003
Published: June 18, 2004

Case 8 – Bandgap Engineering of TFEL Devices

The patent lists Alexey N. Krasnov as inventor and LTI as the owner.

U.S. Patent No. 6,653,664
Filed: May 7, 2002
Issued: November 25, 2003
Expires: **May 7, 2022**

Case 9 – Quantum-Well-Like Cathode for Organic Light-Emitting Diodes

U.S. Provisional Application 60/409,188 filed October 9, 2002.

Case 11 – Dark Layer for an Electroluminescent Device

All applications list Richard P. Wood, Peter G. Hofstra, David J. Johnson and Alexey N. Krasnov as inventors. All applications list LTI as the owner except the pending U.S. application.

Canadian Patent Application No. 2,419,121
Filed: February 14, 2003
Published: November 3, 2003

United States Patent Application No. 20030214230A1
Filed: March 10, 2003
Published: November 20, 2003

Australian Patent Application No. 3,218,559
Filed: April 3, 2003
Publsihed: November 17, 2003

<u>Case 12 – Contrast Enhanced OLEDs</u>

All applications list David J. Johnson, Richard P. Wood and Peter G. Hofstra as inventors. All applications list LTI as the owner.

<u>Australian Patent Application No. 3,229,422</u>
Filed: May 2, 2003
Published: November 17, 2003

<u>Case 13 – OLED Display with Contrast Enhancing Interference Members</u>

The PCT application lists Richard P. Wood and Alexey N. Krasnov as inventors

<u>Australian Patent Application No. 3,236,752</u>
Filed: June 11, 2003
Published: December 22, 2003

<u>Case 14 – Thin Film Electroluminescent Device</u>

All patents and applications list Richard P. Wood, Peter G. Hofstra and Alexey N. Krasnov as inventors. All patents and applications list LTI as the owner.

<u>U.S. Patent No.6,806,639</u>
Filed: July 30, 2002
Issued: October 10, 2004
Expires: July 30, 2022

<u>Canadian Patent Application No. 2,420,733</u>
Filed: March 3, 2003
Published: October 4, 2003

<u>Australian Patent Application No. 3,213,929</u>
Filed: March 31, 2003
Published: October 20, 2003

<u>Case 15 – Dark Electrode</u>

The application lists Richard P. Wood and David J. Johnson as inventors. The application lists LTI as the owner.

<u>Canadian Patent Application No. 2,422,539</u>
Filed: March 18, 2003
Published: September 18, 2003

Under the terms of the Support Agreement, Section 1.1.(u) below, LTI will continue to maintain and enhance this intellectual property library, with any extensions of the above “cases” to be considered to be incorporated within this Agreement, to the extent agreed and directed by the Purchaser.

SCHEDULE 1.1(b)(ii)
OTHER ASSETS

A. Proprietary design data and related know-how

In order for Luxell Technologies Inc ("**Luxell**")and its subsidiary to carry out its business, the company makes use not only of its extensive, patent protected intellectual property (Schedule 1.1(b)(i)), but also a vast body of knowledge considered to be trade-secret, or proprietary

This information is held in a number of structure design files, or libraries, each related to a particular product type of family, that contain detailed designs, processes, technical "recipes", together with other trade secrets considered to be the company's discriminators in its business operations. All such documentation is held, under tightly controlled conditions, as part of Configuration Management system. A duplicate set of such documentation is also stored in a third party location, in a secure environment, in order to provide necessary insurance against unforeseen upset.

The entirety of this documentation and formal knowledge may be described by reference to the top-level part number of the product, or family of products that utilise such data. By reference to this number, all other subordinate documents may be traced via a "family tree" which clearly and unambiguously specifies all intellectual property that comprise this knowledge base.
The following table therefore provides all information necessary to describe this aspect of the transaction, as it contains:

a. The top-level product identifier, by which all other subordinate data may be traced

b. A descriptor of the nature of the subject product

c. A definition of the end-user/customer, from which all current and past contracts may be traced

B. Trademarks

<u>Luxell</u>

U.K.	E2981884	Registered 03/06/2004
Canada	TMA595306	Registered 20/11/2003

<u>Aktelux</u>

Canada	TMA627295	Registered 02/12/2004
Canada	TMA625952	Registered 18/11/2004 (Logo)
U.S	78351159	Filed 13/01/2004
U.K.	E3605607	Registered 18/04/2005

C. Customer List, and The Net Economic Benefit of All Existing And Future Contracts

Including, but not limited to:**Project Code**	**Description**	**Unit P/N**	**Customer/Address**	**Contract (s) No.**
15" DENEL	15" LCD Display Unit	**10907-1**	DENEL (Pty) Ltd Nellmapius Drive, Irene P.O. Box 7412 0046 CENTURION Republic of South Africa	4500150982
3HDU	3ATI LCD Display Unit	**11301-1**	Northrop Grumman Corp, Defensive Systems division, 5225 Hellyer Ave, Suite 100, San Jose, CA, 95138	TBD
ADU, HMDU	Attitude Display Unit, Horizontal Situation Indicator MAP Display Unit	**11025-1, 11035-1**	LITAL S.p.A. Via Pontina Km. 27,800 00040 POMEZIA - ROME - ITALY	4500001729
ARC3	Terminal Display Head, 19" version 2	**10927-1**	Oerlikon Contraves Inc. Receiving 225 Boul Du Seminaire Sud St. Jean-Sur-Richelieu	GP2357
ARROWS	10.4" LCD Display Unit	**10970-1**	Oerlikon Contraves Inc. Receiving 225 Boul Du Seminaire Sud St. Jean-Sur-Richelieu	XP1278, XP1397
ATK	10.4" LCD Display Assy	**10700-1**	Alliant Techsystems Inc. ATK Missile Systems Co. LLC Clearwater Operations	A26187
CCP	3ATI LCD Display Unit	**TBD**	Grintek Communication Systems, 185 Witch-Hazel Ave, Highveld Technopark, Centurion 0046, S. Africa	LOI
COYOTE	20.1 Display Assembly	**10794-1**	Oerlikon Contraves Inc. Receiving 225 Boul Du Seminaire Sud St. Jean-Sur-Richelieu	GP2217, GP1890

DATREC	Data Recorder	**1122-1**	Royal Malaysian Air Force (TUDM), MINISTRY OF DEFENCE, JALAN PADANG TEMBAK, 50634 KUALA LUMPUR	TBD
DCP	Digital Control Panel	**10953-1**	LITAL S.p.A. Via Pontina Km. 27,800 00040 POMEZIA - ROME - ITALY	140004759, 1500000544, 4500001730
DEP	Display Entry Panel	**2000T**	Lockheed Martin Tactical Defense Systems, 3333 Pilot Knob Rd, St Paul MN, 55164-0525	Various
EMP	Engine Monitoring Panel (Display and Electronic Units)	**10868-1, 11064-2**	IGTEC SDN BHD Unit C 305, Level 3 West Tower, Wisma Consplant 1 No. 2 Jalan SS 16/4 47650 Subang Jaya Selangor, Malaysia	IG-0005
FGBADS	10.4" LCD Display, Weapon Terminal, FGBADS	**11000-1**	Oerlikon Contraves Inc. Receiving 225 Boul Du Seminaire Sud St. Jean-Sur-Richelieu	XN3843, XP1212, XP1544
GDC3	3ATI AMLCD Display Unit	**11060-1**	General Dynamics Canada, 3785 Richnond rd, Ottawa, ON, K2H 5B7	A10209
LIW	10.4" LCD UNIT	**10714-1, 10745-1**	LIW, 368 Selborne Ave, Lyttleton, South Africa	LOI
LMWS	Multi Function Display-A400M Loadmaster Workstation	**11140-1**	Rheinmetall Defence Electronics GmbH, Brueggeweg 54, 28309 Bremen, Germany	LOI/10666-Rev.8
MANPAD	Rugged MANPAD PC	**11419-1**	Oerlikon Contraves Inc. Receiving 225 Boul Du Seminaire Sud St. Jean-Sur-Richelieu	LOI
MDPD	Maintenance Data Panel Display	**ASY30410-2**	INDRA SYSTEMAS, S.A. C/ Joaquin Rodrigo, 11 28300 Aranjuez MADRID, ESPANA	27405042, 27501943, 27500732
MPAC-F	Terminal Display Head - Oerlikon	**10329-1**	Oerlikon Contraves Inc. Receiving 225 Boul Du Seminaire	GP1890

			Sud St. Jean-Sur-Richelieu	
MPC	Mitsubishi Precision Corporation (CDU)	**2682-2**	Technobridge Co. Ltd 2-4-25, Akatsuki-cho, Hachioji-shi, Tokio, 192-0043, Japan	SELUX050819A
RCDH	Remote Control Display Head - Raytheon	**2400-6**	Raytheon Systems Co. 7887 Bryan Dairy Rd. Largo, FL. 33777 USA	LG0139
SEARAVEN	Sea Raven Display System - Sysdel	**10266-1, 10555-1**	Sysdel cnr. Melville & Venter Strs. Pierre van Ryneveld, 0157 Rep. Of South Africa	NR.7004, NR.6029
SES	RCDU-G TFEL Unit	**10942-1**	Specialist Electronics Services Ltd, Craven Court, Stanhope Road, Camberley, Surrey, England, GU15 3BS	MOU
TBD	Display Unit, 3ATI LCD	**TBD**	BAE Systems (Operations) Ltd Avionic Systems Airport Works Rochester, Kent UK ME1 2XX	2066765

SCHEDULE 1.1(u)
SUPPORT AGREEMENT

SCHEDULE 2.3
ALLOCATION OF PURCHASE PRICE

The Purchaser and the Vendor agree to allocate the Purchase Price as follows:

(a) Class 44 Patents - $25,000,000; and

(b) Proprietary Data (inclusive of product designs & processes, customer lists, and other trade secret information required to practice the Business), trademarks, copyrights, licences, and the economic benefit of existing and future contracts and all other intangible property - $4,000,000.

SCHEDULE 3.1(i)
LITIGATION AND CLAIMS

Nil.