

# CONFIDENTIALITY AGREEMENT

THIS AGREEMENT governs the disclosure of information by and between

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and Searl Magnetics, Inc. as of \_\_\_\_\_ (the "Effective Date").

## 1. Definition Of Confidential Information

As used herein, "Confidential Information" shall mean any and all technical and non-technical information related to SEG Technology and SEG Printer Magnetizer provided to conduct a business or investment arrangements between both parties, including but not limited to (a) patent(s) and patent applications, (b) trade secret, and (c) copyrighted information (d) proprietary information-- ideas, techniques, sketches, drawings, works of authorship, models, inventions, know-how, processes, apparatuses, equipment, algorithms, software programs, software source documents, and formulae related to the current, future, and proposed products and services of each of the parties, and including, without limitation, their respective information concerning research, experimental work, development, design details and specifications, engineering, financial information, procurement requirements, purchasing, manufacturing, customer lists, investors, employees, business and contractual relationships, business forecasts, sales and merchandising, marketing plans and information the disclosing party provides regarding third parties.

## 2. Identification Of Confidential Information

If the Confidential Information is embodied in tangible material (including without limitation, software, hardware, drawings, graphs, charts, disks, tapes, prototypes and samples), it shall be labeled as "Confidential" or bear a similar legend. If the Confidential Information is disclosed orally or visually, it shall be identified as such at the time of disclosure.

## 3. Exceptions To Confidential Information

Each party's obligations under this Agreement with respect to any portion of the other party's Confidential Information shall terminate when the party to whom Confidential Information was disclosed (the "Recipient") can document that: (a) it was in the public domain at the time it was communicated to the Recipient by the other party; (b) it entered the public domain subsequent to the time it was communicated to the Recipient by the other party through no fault of the Recipient; (c) it was in the Recipient's possession free of any obligation of confidence at the time it was communicated to the Recipient by the other party; (d) it was rightfully communicated to the Recipient free of any obligation of confidence subsequent to the time it was communicated to the Recipient by the other party; (e) it was developed by employees or agents of the Recipient independently of and without reference to any information communicated to the Recipient by the other party; (f) the communication was in response to a valid order by a court or other governmental body, was otherwise required by law, or was necessary to establish the rights of either party under this Agreement; or (g) it was not identified as Confidential Information of the disclosing party in accordance with Section 2.

#### 4. Handling Of Confidential Information

Each party agrees that at all times and notwithstanding any termination or expiration of this Agreement it will hold in strict confidence and not disclose to any third party Confidential Information of the other, except as approved in writing by the other party to this Agreement, and will use the Confidential Information for no purpose other than the Searl Magnetics, Inc. with the other party to this Agreement. Each party shall only permit access to Confidential Information of the other party to those of its employees or authorized representatives having a need to know and who have signed confidentiality agreements or are otherwise bound by confidentiality obligations at least as restrictive as those contained herein.

#### 5. Confidentiality Agreement Residual Knowledge

Recipient may use its knowledge retained in intangible form in the unaided memories of its directors, employees, contractors and advisors as a result of exposure to the disclosing party's ("Discloser") Confidential Information. The Discloser acknowledges that the Recipient may have in conception or development technology and/or software which may be very similar or even identical to Discloser's Confidential Information and, as long as the Recipient abides by Section 4 herein, Discloser shall have no rights in such technology and/or software.

#### 6. Confidentiality Agreement Term And Termination

This Agreement shall not terminate after the Effective Date. The Recipient's obligations under this Agreement shall survive termination of the Agreement between the parties and shall be binding upon the Recipient's heirs, successors and assignments. Upon written request of the other party, a party shall promptly return to the other all documents and other tangible materials representing the other's Confidential Information and all copies thereof.

#### 7. Confidentiality Agreement Warranties

Each party represents and warrants to the other party that (i) it has the requisite corporate authority to enter into and perform this Agreement, and (ii) its execution and performance under this Agreement, including its disclosure of Confidential Information to the Recipient, will not result in a breach of any obligation to any third party or infringe or otherwise violate any third party's rights.

#### 8. No Export

Neither party shall export, directly or indirectly, any technical data acquired from the other pursuant to this Agreement or any product utilizing any such data to any country for which the U.S. Government or any agency thereof at the time of export requires an export license or other governmental approval without first obtaining such license or approval.

#### 9. No Reverse Engineering

Each of the parties agrees that the software programs of the other party contain valuable confidential information and each party agrees it will not modify, reverse engineer,

decompile, create other works from, or disassemble any software programs contained in the Confidential Information of the other party without the prior written consent of the other party.

10. No Grant Of Rights

The parties recognize and agree that nothing contained in this Agreement shall be construed as granting any property rights, by license or otherwise, to any Confidential Information of the other party disclosed pursuant to this Agreement, or to any invention or any patent, copyright, trademark, or other intellectual property right that has issued or that may issue, based on such Confidential Information.

11. Equitable Remedies

Recipient acknowledges that Recipient's breach of this Agreement may cause irreparable harm to Discloser for which Discloser is entitled to seek injunctive or other equitable relief as well as monetary damages.

12. Confidentiality Agreement Miscellaneous

Neither party shall not transfer or assign this Agreement to any other person or entity, whether by operation of law or otherwise, without the prior written consent of the other. Any such attempted assignment shall be void and of no effect. This Agreement shall be governed by, enforced under, and construed and interpreted in accordance with, the laws of Nevada without reference to conflict of laws principles. Each party agrees consents to venue and personal jurisdiction in Clark County, Nevada. If any provision of this Agreement is found by a proper authority to be unenforceable or invalid such unenforceability or invalidity shall not render this Agreement unenforceable or invalid as a whole and in such event, such provision shall be changed and interpreted so as to best accomplish the objectives of such unenforceable or invalid provision within the limits of applicable law. Neither party will assign or transfer any rights or obligations under this Agreement, including by operation of law, without the prior written consent of the other party. The Agreement is the complete and exclusive agreement regarding the disclosure of Confidential Information between the parties, and replaces any prior oral or written communications between the parties regarding Confidential Information. This Agreement may be signed in multiple copies, each of which shall constitute the same instrument. Once completely executed, any reproduction of this Agreement made by reliable means shall be considered an original.

IN WITNESS WHEREOF, the parties hereto have caused this Confidentiality Agreement to be executed as of the Effective Date.

Searl Magnetics, Inc.  
Name: Fernando Morris,  
V.P. & Chief Dev. Eng.

Company \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Sign: \_\_\_\_\_  
Date: \_\_\_\_\_

Sign: \_\_\_\_\_  
Date: \_\_\_\_\_