

Thursday, February 03, 2011

LatchTool Group, LLC
CONFIDENTIALITY AGREEMENT

Dear Friend:

LatchTool Group, a technology company, relies primarily on trade secrets to protect its knowledge base rather than patents which are expensive, territory specific, maybe knowingly or unknowingly infringed and which are costly to police and enforce.

Therefore: In connection with the consideration of a possible advisory, consulting or business relationship with you and/or your company, the Engagement, each of us has delivered or intends to deliver to the other certain oral and written Information (as defined below) concerning the Engagement. It is the intention of this Confidentiality Agreement to provide for a free and open exchange of Information without concern of compromising each other.

1. As used herein, "Information" means all data, reports, analyses, compilations, studies, interpretations, forecasts, records, findings, market intelligence, business plans, intentions and other materials (in whatever form maintained, whether documentary, computer storage or otherwise) that contain or otherwise reflect information concerning the party providing such information (the "Providing Party"), any of such Providing Party's affiliates or Representatives, the Engagement or relating to the consideration of the Engagement provided to the other party (the "Receiving Party") or its Representatives in the course of the evaluation of the Engagement (the "Provided Information"), together with all data, reports, analyses, compilations, studies, interpretations, forecasts, records or other materials (in whatever form maintained, whether documentary, computer storage or otherwise), whether prepared by the Receiving Party or its Representatives or others, that contain or otherwise reflect or are based upon, in whole or in part, any Provided Information or that reflect the Receiving Party's or its Representatives' review of, interest in, or evaluation of all or any portion of the Engagement (the "Derived Information") and including any information concerning or constituting processes, procedures, formulae, trade secret, know-how, technology, and other intellectual property ("Technological Information"). As used herein, "Representatives" means, collectively, the controlled affiliates of either company, as the case may be, and the respective directors, officers, employees, financial advisors, accountants, attorneys, agents and controlling persons of either company as the case may be. As used herein, the term "person" shall be broadly interpreted to include, without limitation, any individual, corporation, limited liability company, partnership, trust organization, agency or other entity.

2. In consideration of being furnished with the Information, all Information shall be kept confidential and shall not, without the Providing Party's prior written consent, be disclosed by the Receiving Party or its Representatives in any manner whatsoever, in whole or in part, other than to the Receiving Party's Representatives, and shall not be used by the Receiving Party or its Representatives, for any purpose other than in connection with evaluating the Engagement. Moreover, we each agree to reveal Information only to our respective Representatives if and to the extent that such Representatives, in our reasonable judgment, need to know any Information for the purpose of evaluating the Engagement. We each shall be responsible for any breach of this Agreement by our respective Representatives (including our Representatives who, subsequent to the first date of disclosure of Information hereunder, become former Representatives).

3. We each also agree and acknowledge that, unless and until a definitive agreement concerning the Engagement has been properly executed and delivered pursuant to due authorization, neither of us will be under any legal obligation of any kind whatsoever to proceed with the Engagement in whole or in part or to continue discussions relating thereto by virtue of (i) this Agreement or (ii) any written or oral expression with respect to such Engagement by either of us or any of our respective Representatives.

4. All Provided Information, Derived Information and Technological Information shall be returned to the Providing Party immediately upon the Providing Party's written request, and the Receiving Party agrees not to retain any copies, extracts or other reproductions, in whole or in part.

5. This Agreement shall not apply to such of the Information as (i) is or becomes generally available to the public other than as a result of any disclosure or other action or inaction by the Receiving Party or any of its Representatives or anyone to whom the Receiving Party or any of its Representatives transmit or have transmitted any Information; or (ii) is or becomes known or available to the Receiving Party on a non-confidential basis from a source (other than the Providing Party or any of its Representatives or pursuant hereto), that, to the best of the Receiving Party's knowledge, after due inquiry, is not prohibited from disclosing such Information to the Receiving Party by a contractual, legal or fiduciary obligation owed to the Providing Party or any of its affiliates or its Representatives; or (iii) is or was furnished by the Providing Party, its affiliates or Representatives on a non-confidential basis to an unrelated third party without a similar restriction on its use or (iv) was already known or independently developed by the Receiving Party or its Representatives without reference to the Information.

6. We each agree and acknowledge that the Providing Party may be irreparably injured by a breach of this Agreement by the Receiving Party or its Representatives and that the Providing Party may be entitled to equitable relief, including injunctive relief and specific performance, in the event of any breach of the provisions of this Agreement. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Agreement, but shall be in addition to all other remedies available at law or in equity.

7. Nothing contained in this Agreement nor the conveying of Information hereunder shall be construed as granting or conferring any rights by license or otherwise in any trademark, patent, copyright, Technological Information or other Information, or other intellectual property. The Providing Party shall remain the sole owner of all Information which it has provided to the Receiving Party and all Information which is developed or derived solely by it or on its behalf whether before or after the effective date of this Agreement. None of the Information which may be disclosed or exchanged by the parties shall constitute any representation, warranty, assurances, guarantee or inducement by either party to the other of any kind, and in particular, with respect to the non-infringement of trademarks, patents, copyrights, mask protection rights or any other intellectual property rights or other rights of third persons or of either party.

8. No failure or delay by either of us in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise of any right, power or privilege hereunder.

9. Any assignment of this Agreement by either of us without the other party's prior written consent shall be void. This Agreement shall inure to the benefit of and be binding upon both of us and our respective heirs, successors and permitted assigns.

10. This Agreement shall terminate on the earlier of (i) three (3) years from the date hereof or (ii) execution of a definitive written agreement by the parties with respect to the Engagement. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Colorado without regard to its principles of conflicts of law.

11. This Agreement contains the entire agreement between us concerning confidentiality of the Information, and no modifications of this Agreement or waiver of the terms and conditions hereof shall be binding upon either of us unless approved in writing by each of us. No written consent required by this Agreement shall be unreasonably withheld.

If the foregoing reflects our agreement, kindly sign and return the duplicate copy of this letter to the undersigned.

Sincerely,



Robert W McPherson
Chief Executive Officer
LatchTool Group, LLC
14760 Cherry Hills Place
Colorado Springs, CO 80921

Thereby: Agreed to and acknowledged as of the date herein:
