

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Grace Digital, Inc.		06/10/2010	CORPORATION: CALIFORNIA
RECEIVING PARTY DATA			
Name:	Bigfoot Ventures Ltd.		
Street Address:	77 Connaught Road		
Internal Address:	2/F Beautiful Group Tower		
City:	Central		
State/Country:	HONG KONG		
Entity Type:	LIMITED LIABILITY COMPANY: BRITISH VIRGIN ISLANDS		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Registration Number:	3786911	GRACE DIGITAL INC.	
CORRESPONDENCE DATA			
Fax Number:	(212)208-0991		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	212-327-1654		
Email:	jeff@bigfootcorp.com		
Correspondent Name:	Jeffrey W. Berkman		
Address Line 1:	2592 Overlook Place		
Address Line 4:	Baldwin, NEW YORK 11510		
DOMESTIC REPRESENTATIVE			
Name:	Jeffrey W. Berkman		
Address Line 1:	2592 Overlook Place		
Address Line 4:	Baldwin, NEW YORK 11510		
NAME OF SUBMITTER:	Jeffrey W. Berkman		

OP \$40.00 3786911

Signature:	/Jeffrey W. Berkman/
Date:	06/21/2010
<p>Total Attachments: 25</p> <p>source=Security Agreement_Executed 1#page1.tif source=Security Agreement_Executed 1#page2.tif source=Security Agreement_Executed 1#page3.tif source=Security Agreement_Executed 1#page4.tif source=Security Agreement_Executed 1#page5.tif source=Security Agreement_Executed 1#page6.tif source=Security Agreement_Executed 1#page7.tif source=Security Agreement_Executed 1#page8.tif source=Security Agreement_Executed 1#page9.tif source=Security Agreement_Executed 1#page10.tif source=Security Agreement_Executed 1#page11.tif source=Security Agreement_Executed 1#page12.tif source=Security Agreement_Executed 1#page13.tif source=Security Agreement_Executed 1#page14.tif source=Security Agreement_Executed 1#page15.tif source=Security Agreement_Executed 1#page16.tif source=Security Agreement_Executed 1#page17.tif source=Security Agreement_Executed 1#page18.tif source=Security Agreement_Executed 1#page19.tif source=Security Agreement_Executed 1#page20.tif source=Security Agreement_Executed 1#page21.tif source=Security Agreement_Executed 1#page22.tif source=Security Agreement_Executed 1#page23.tif source=Security Agreement_Executed 1#page24.tif source=Security Agreement_Executed 1#page25.tif</p>	

EXHIBIT 2

SECURITY AGREEMENT

This Security Agreement (the "Agreement") is entered into as of June 10, 2010, by and between Grace Digital, Inc., a California corporation with an address at 10531 4S Commons Drive, Suite #430, San Diego, CA 92127 ("Borrower"), and Bigfoot Ventures Ltd., a British Virgin Islands limited liability company with an address at 2/F Beautiful Group Towers, 77 Connaught Road Central, Hong Kong ("Lender"). Capitalized terms used and not otherwise defined herein have the meanings set forth in Section 1.2.

1. Grant of Security Interest.

1.1 Grant of Security Interest. In consideration of the loan evidenced by that certain Secured Convertible Promissory Note, dated the date hereof, in the original principal amount of \$3,250,000 (the "Note"), and attached as Exhibit 1 to that certain Note Purchase Agreement, dated June 10, 2010 between Borrower and Lender (the "Note Purchase Agreement"), issued by Borrower to Lender, Borrower hereby grants to Lender a continuing security interest in and a lien upon, and a right of set off against, ***all of the assets*** of the Borrower, including without limitation all of the property and assets listed below, which it has a right or interest now existing or hereafter acquired or arising, wherever such assets are located or situated, whether in possession of Borrower or a third party, including, without limitation, all parts, improvements, accessions, substitutions, replacements, causes of action, insurance proceeds, all proceeds (including all cash received in respect of any Collateral (as hereinafter defined) and products thereof, thereto and therefor. The security interest being granted hereunder secures payment and performance of all debts, liabilities and obligations of Borrower to Lender under this Security Agreement and the Note, including any extensions or modification of this Agreement or the Note (collectively, the "Obligations").

(a) inventory and other goods, including packaging, manuals and instructions which, in connection with its business are held or being processed for sale or lease or other disposition to be furnished under contracts of service, or have been so furnished, including raw materials, work in progress, finished goods, and materials and supplies used or consumed in its business ("Inventory");

(b) accounts, deposit accounts, accounts receivable, receivables, contracts, contract rights and leases, and all other rights to payment, whether or not evidenced by an instrument or chattel paper and whether or not payment has been earned by performance and any security interests held by Borrower to secure same ("Accounts");

(c) instruments, negotiable instruments, and all other writings which evidence a right to the payment of money which is in the ordinary course of business transferred by delivery with any necessary endorsement or assignment ("Instruments");


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(d) (i) copyrights, unregistered copyrights, copyright registrations and applications for copyright registration, including, without limitation, all renewals and extensions thereof, all income, royalties, damages and payments now or hereafter due and/or payable under and with respect to, including, without limitation, the right to recover for all past, present and future infringements thereof, and all other rights of any kind whatsoever accruing thereunder or pertaining thereto throughout the world (collectively, "Copyrights"), (ii) patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein together with the reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof, all income, royalties, damages and payments now or hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, the right to sue for past, present and future infringements thereof, and all rights corresponding thereto throughout the world ("Patents"), and (iii) trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, prints, and labels on which said trademarks, corporate names, company names, business names, fictitious business names, trade names, trade styles and service marks have appeared or appear, designs and general intangibles of like nature, and the goodwill associated therewith, now existing or hereafter adopted or acquired, all right, title and interest therein and thereto, and all registrations and recordings thereof, including, without limitation, applications, registrations and recordings in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, or any other country or any political subdivision thereof, all whether now owned or hereafter acquired, without limitation, all renewals and extensions thereof, all income, royalties, damages and payments now or hereafter due and/or payable under and with respect to, including, without limitation, the right to recover for all past, present and future infringements thereof, and all other rights of any kind whatsoever accruing thereunder or pertaining thereto throughout the world (collectively, "Trademarks") together with (A) inventions, processes, production methods, proprietary information, knowhow and trade secrets used or useful in its business; (B) all licenses or user or other agreements granted to it with respect to any of the foregoing, in each case whether now or hereafter owned or used; (C) information, customer lists including database lists of customers, database lists of e-mail addresses and the demographic information concerning such, identification of suppliers, data, plans, designs, drawings, recorded knowledge, surveys, test reports, manuals, processing standards, performance standards, catalogs, computer and automatic machinery software and programs, and the like; (D) sales data and other information relating to sales or service of products now or hereafter manufactured; (E) accounting information and all media in which or on which any of the information or knowledge or data or records may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data; (F) licenses, consents, permits, variances, certifications and approvals of governmental agencies now or hereafter held; and (G) causes of action, claims and warranties now or hereafter owned or acquired in respect of any of the items listed above ("Business Know-How") (the Copyrights, Patents, Trademarks and Business Know-How are collectively, the "Intellectual Property");


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(e) documents, documents of title, bills of lading, dock warrants, dock receipts, warehouse receipts and orders for the delivery of goods, and all other documents which in the regular course of business or financing are treated as adequately evidencing that a Person in possession is entitled to receive, hold and dispose of the document and the goods it covers ("Documents");

(f) equipment now owned or hereafter acquired and, in any event, including without limitation all machinery and equipment, including processing equipment, conveyors, machine tools, data processing and computer equipment with software and peripheral equipment (other than software constituting part of the Accounts), and all engineering, processing and manufacturing equipment, office machinery, furniture, supplies, furnishings, material handling equipment, tools, attachments, accessories, automotive equipment, trailers, trucks, forklifts, molds, dies, stamps, motor vehicles, rolling stock and other equipment of every kind and nature, trade fixtures and fixtures not forming a part of real property, all whether now owned or hereafter acquired, and wherever situated, together with all additions and accessions thereto, replacements therefor, all parts therefor, all substitutes for any of the foregoing, fuel therefor, and all manuals, drawings, instructions, warranties and rights with respect thereto, and all products and proceeds thereof and condemnations awards and insurance proceeds with respect thereto ("Equipment");

(g) contracts now owned or hereafter acquired or entered into by it and, in any event, including without limitation all contracts, undertakings, or agreements (other than rights evidenced by Chattel Paper (as defined below), Documents or Instruments) in or under which it may now or hereinafter have any right, title or interest, including any agreement relating to the terms of payment or the terms of performance of any Accounts ("Contracts");

(h) chattel paper, including without limitation any writing or writings which evidence both a monetary obligation and a security interest in or a lease of specific goods, and, when a transaction is evidenced both by a security agreement or a lease and by an instrument or a series of instruments, the group of writings taken together ("Chattel Paper");

(i) computer programs, computer discs and computer software;

(j) tax refund claims, guarantee claims, insurance policies, insurance proceeds, causes of action, judgments, claims against third parties, rights of indemnification, contribution and subrogation;

(k) goodwill;

(l) franchises;

(m) letters of credit;


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- (n) security interests; and
- (o) domain names, including without limitation, gracedigital.net, and websites, including without limitation www.gracedigitalaudio.com, www.gracesupport.com, (“Domain Names and Websites”);
- (p) (i) books and records (including computer databases and software for accessing it) related to any of the foregoing (“Books and Records”);
- (q) all other tangible or intangible property, all proceeds, products and accessions of and to any of the property described in clauses (a) through (q) above in this Section 1 (including, without limitation, any proceeds of insurance, condemnation or similar payments thereon), and, to the extent related to any property described in said clauses or such proceeds, products and accessions, all books, correspondence, credit files, records, invoices and other papers, including without limitation, all tapes, cards, computer runs and other papers and documents in the possession or under its control or any computer bureau or service company from time to time acting for it.

All of the foregoing property and interests described in this Section 1.1 and any part thereof is hereinafter called “Collateral”. The security interest granted hereby shall be continuing and shall secure the Obligations.

1.2 Definitions. In this Agreement the following words and terms shall have the following meanings:

- (a) “Business Days” means days other than Saturday, Sunday or any day on which banks located in the state of California are authorized or obligated to close.
- (b) “Governmental or Regulatory Authority” means any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States, any foreign country or any foreign or domestic state, county, city or other political subdivision, and shall include, without limitation, any stock exchange, quotation service and the National Association of Securities Dealers.
- (c) “Indebtedness” means all obligations of any Person (a) for borrowed money, (b) evidenced by notes, bonds, debentures or similar instruments, (c) for the deferred purchase price of goods or services (other than trade payables or accruals incurred in the ordinary course of business) and (d) in the nature of guarantees of the obligations described in clauses (a) through (c) above of any other Person.
- (d) “Laws” means all laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of the United States, any foreign country or any domestic or foreign state, county, city or other political subdivision or of any Governmental or Regulatory Authority.

(e) "Order" means any writ, judgment, decree, injunction or similar order of any Governmental or Regulatory Authority (in each case whether preliminary or final).

(f) "Permitted Liens" means: (i) liens for taxes, assessments or other governmental charges not at the time delinquent or those being contested in good faith, provided provision is made to reasonable satisfaction of Lender for eventual payment thereof if subsequently found payable; (ii) liens of carriers, warehousemen, mechanics, materialmen, vendors, and landlords, and other similar liens incurred in the ordinary course of business for sums not overdue or being contested in good faith, provided provision is made to reasonable satisfaction of Lender for eventual payment thereof if subsequently found payable; (iii) deposits under workers' compensation, unemployment insurance and social security laws or to secure the performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, or to secure statutory obligations of surety or appeal bonds or to secure indemnity, performance or other similar bonds in the ordinary course of business; (iv) liens securing obligations under a capital lease so long as such liens do not extend to property other than the property leased under such capital lease; (v) liens upon any asset acquired or held by Borrower to secure the purchase price of such asset or indebtedness incurred solely for the purpose of financing the acquisition of such asset, so long as such lien extends only to the asset financed, and any accessions, replacements, substitutions and proceeds (including insurance proceeds) thereof or thereto; (vi) liens which constitute rights of setoff of a customary nature, whether arising by law or by contract; (vii) in the case of Contracts, rights of third parties to such Contracts; and (viii) liens in favor of the Lender arising from this Security Agreement.

(g) "Person" means any natural Person, corporation, limited liability company, general partnership, limited partnership, limited liability partnership, proprietorship, other business organization, trust, union, association or governmental or regulatory authority.

(h) "UCC" means the Uniform Commercial Code as in effect in the State of California from time to time.

2. **Representations and Warranties of Borrower.**

Borrower represents and warrants to Lender as follows:

2.1 Legal Ownership. Borrower is the owner of (or has the right to use), free and clear of all liens, claims and encumbrances other than Permitted Liens, the Collateral (or, in the case of after-acquired Collateral, at the time Borrower acquires rights in the Collateral, will be the owner thereof) and that no other Person has (or, in the case of after-acquired Collateral, at the time Borrower acquires rights therein, will have) any right, title, claim or interest (by way of lien or otherwise) in, against or to the Collateral, other than Permitted Liens.

2.2 Organization. Borrower is a corporation duly incorporated and organized, and is validly existing and in good standing under the laws of the State of California. Borrower has all requisite corporate power to own its properties (including, without limitation, the Collateral) and to carry on its business as now being conducted. Borrower is duly registered, licensed or qualified as a foreign corporation and is in good standing under the laws of each jurisdiction in which the failure to be so qualified could have a Material Adverse Effect (as defined below).

2.3 Authority. Subject to Section 3.12(b), Borrower has all requisite corporate power and authority to enter into this Security Agreement and the Note, and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Security Agreement and the Note and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of Borrower, and no further action is required on the part of Borrower to authorize this Security Agreement, the Note and the transactions contemplated hereby and thereby. This Security Agreement and the Note have been duly executed and delivered by Borrower and, assuming the due authorization, execution and delivery by the other parties hereto and thereto, constitute the valid and binding obligation of Borrower, enforceable in accordance with their respective terms, subject to the laws of general application relating to bankruptcy, insolvency and the relief of debtors and to rules of law governing specific performance, injunctive relief or other equitable remedies.

2.4 No Conflict. The execution and delivery of this Security Agreement and the Note does not, and, the consummation of the transactions contemplated hereby and thereby will not, conflict with, or result in any violation of or default under (with or without notice or lapse of time, or both), or give rise to a right of termination, cancellation, modification or acceleration of any obligation or loss of any benefit (any such event, a "Conflict") under (i) any provision of the Borrower's articles or certificate of incorporation or by-laws or other organizational documents, (ii) any mortgage, indenture, lease, contract or other agreement or instrument, permit, concession, franchise or license to which Borrower or its properties is subject, or (iii) any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Borrower or its properties or assets (including, without limitation, the Collateral); other than minor Conflicts which, when considered in the aggregate, would not have a material adverse effect on either (a) the value of the Collateral, or (b) the business, financial condition or results of operations of the Borrower (hereinafter referred to as a "Material Adverse Effect").

2.5 Financial Statements. Borrower has the provided Lender with Fiscal 2009 (the "Financial Statements") as of Feb 2, 2010 (the "Balance Sheet Date") which have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) consistently applied throughout the periods involved and fairly present the financial position and results of operations of Borrower for each of the periods covered, subject, in the case of any quarterly financial statements, to normal year-end adjustments and the absence of notes. Borrower has no contingent obligations or liability for taxes,

unrealized losses, unusual forward or long-term commitments or long-term leases, which are not reflected in the Financial Statements or the footnotes thereto. Since the last date covered by such Financial Statements, there has been no sale, transfer or other disposition by Borrower of any material part of its business or property and no purchase or other acquisition of any business or property (including any capital stock of any other Person) material in relation to the financial condition of Borrower at said date. Since said date none of the capital stock of Borrower has been redeemed, retired, purchased or otherwise acquired for value by Borrower.

2.6 Intellectual Property/Domain Names/Websites. The Intellectual Property, Domain Names and Websites necessary for the business of Borrower as now conducted or presently proposed to be conducted are owned or licensed for use by Borrower. Borrower has all necessary rights to use the Intellectual Property, Domain Names and Website. To the knowledge of Borrower, the Intellectual Property, Domain Names and Website are not infringing any rights of any other Person. To the knowledge of Borrower, no claim is pending or has been threatened alleging any such infringement or with respect to the ownership, validity, license or use of, or any infringement resulting from, the Borrower's Intellectual Property, Domain Names and Websites. There are no liens on the Intellectual Property, Domain Names or Websites other than Permitted Liens.

2.7 Litigation. No lawsuits or claims have been filed with any Governmental Authority and no judgments that could have a Material Adverse Effect are outstanding against (i) the Borrower or (ii) against its officers and directors relating to the business of the Borrower or involving any laws relating to the purchase or sale of securities.

2.8 Taxes. Borrower has filed all federal and material state and local tax returns required to be filed by it, and has paid all taxes shown thereon as due and payable, other than taxes that are being contested in good faith by appropriate proceedings or that would not result in a Material Adverse Effect. There are no ongoing audits or other examinations of the Borrower and none has been threatened, and no extensions of any statute of limitations have been filed. Borrower has withheld or collected in all material respects from each payment made to each of its employees, the amount of all taxes required to be withheld or collected therefrom, and has paid the same to the proper tax receiving officers or proper depositaries.

2.9 Employees; Labor Relations. There are no strikes or other labor disputes against the Borrower pending or, to Borrower's knowledge, threatened. There is no organizing activity involving Borrower pending or, to Borrower's knowledge, threatened by any labor union or group of employees. There are no representation proceedings pending or, to Borrower's knowledge, threatened with the National Labor Relations Board, and no labor organization or group of employees of Borrower has made a pending demand for recognition.


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2.10 Compliance with Laws and Orders. No officer, director, employee or shareholder of Borrower is in violation of or default under, any Law or Order relating to the operation of the Borrower's business, which could reasonably be expected to result in a Material Adverse Effect.

2.11 Default in Contracts and Title. Borrower is not in default under any material contract relating to the Collateral and Borrower has good and marketable title to the Collateral free and clear of all mortgages, security interests, liens, claims, or other encumbrances, except Permitted Liens.

2.12 Name. Borrower's name as it appears on its certificate of incorporation is "Grace Digital, Inc." The only other name Borrower had and/or conducted business under was Grace Digital Audio.

2.13 Place of Business. Borrower conducts business at 12520 Kirkham Court, Suite #5, Poway, CA 92064. Borrower's books and records are located at this address. Borrower does not own any real property. These locations are the only locations where Collateral is kept and Borrower has possession of the Collateral.

2.14 Identity and Corporate Structure. Borrower has not changed its identity and corporate structure within the previous four (4) months.

2.15 Consents. No consent, waiver, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other U.S. federal, state, province, county, local or other foreign governmental regulatory authority, instrumentality, agency or commission or any third party, including a party to any agreement with Borrower (so as not to trigger any Conflict), is required in connection with the execution and delivery of this Security Agreement, the Note or the consummation of the transactions contemplated hereby and thereby.

2.16 Security Interest. Upon the filing of UCC-1s, Lender will have (or in the case of after-acquired Collateral, at the time Borrower acquires rights therein, will have) a valid, first priority perfected security interest in the Collateral, except for Permitted Liens and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken. Borrower will perform all acts and execute all documents, including, without limitation, one or more financing statements and assignments for security in form suitable for filing with the United States Copyright office and the United States Patent and Trademark office, substantially in the forms of Exhibit 1, Exhibit 2 and Exhibit 3 hereto, respectively, reasonably requested by the Lender at any time to evidence, perfect, maintain, record and enforce the Lender's interest in the Collateral in any state, county or other jurisdiction or otherwise in furtherance of the provisions of this Security Agreement.

2.17 No Event of Default. No Event of Default, as defined in Section 4.1 below, has occurred and is continuing nor has any event occurred which, with the giving of notice or the passage of time, or both, would constitute an Event of Default.

2.18 No Limitation on Lender's Rights. Except as permitted herein, none of the Collateral is subject to contractual obligations that may restrict or inhibit the Lender's rights or abilities to sell or dispose of the Collateral or any part thereof after the occurrence of an Event of Default.

3. **Covenant of Borrower.** Prior to the repayment of the Note:

3.1 Indebtedness. Borrower shall not, without the written consent of Lender, (i) incur any additional Indebtedness for money-borrowed (including any guarantee of Indebtedness of any third party) or (ii) loan money to any Person; provided, however, that this covenant in section 3.1 shall not apply to total credit card obligations (inclusive of all credit and debit cards) that do not exceed in the aggregate \$30,000

3.2 Maintenance of Books and Records. Borrower shall (i) maintain books and records (including computer records) pertaining to the Collateral in such detail, form and scope as is customary for companies in similar businesses in similar situations and (ii) provide (on no more than a quarterly basis) Lender and its agents access to the premises of Borrower at any time and from time to time, during normal business hours and upon reasonable notice under the circumstances, and at any time on and after the occurrence and during the existence of an Event of Default, or event or condition which, with notice or lapse of time or both, would constitute an Event of Default, for the purposes of (A) inspecting and verifying the Collateral, (B) inspecting and copying (at Borrower's expense) any and all records pertaining thereto, and (C) discussing the affairs, finances and business of Borrower with any officer, employee or director of Borrower or with Borrower's accountants. Borrower shall reimburse the Lender for the reasonable expenses of the Lender's employees or, at the Lender's option, of such outside accountants or examiners as may be retained by Lender to verify or inspect Collateral, records or documents of Borrower on a regular basis or for a special inspection if the Lender deems appropriate.

3.3 No Disposition of the Collateral and Preservation. The Borrower shall not in any way hypothecate or create or permit to exist any lien, security interest, charge or encumbrance on or other interest in any of the Collateral, except for the lien and security interest granted hereby and Permitted Liens. In the event the Collateral, or any part thereof, is sold, transferred, assigned, exchanged, or otherwise disposed of in violation of this Security Agreement, the security interest of the Lender shall continue in such Collateral or part thereof notwithstanding such sale, transfer, assignment, exchange, or other disposition, and the Borrower will hold the proceeds thereof in a separate account for the benefit of the Lender. Following such a sale, the Borrower shall immediately notify Lender and transfer such proceeds to the Lender. Borrower will use all reasonable efforts to maintain the Collateral in good operating condition and repair.

3.4 Insurance. Borrower shall maintain its insurance on its assets (including the Collateral) under such policies of insurance, with such insurance companies, all of which policies covering the Collateral.

3.5 Use of Proceeds. Borrower shall use the proceeds of the Note only as set forth in the Note.

3.6 Existence of Borrower. Borrower shall maintain its existence, current general line of business, accounting cycle, all licenses, Intellectual Property, Domains, Websites and Contracts and comply with all Laws except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect. Borrower shall notify Lender in writing prior to any change in Borrower's principal place of business or chief executive office or any change in its name, identity or corporate structure.

3.7 Notice to Lender. Borrower shall provide Lender with notice pursuant to Section 7.8 of this Security Agreement concerning: (i) pending actions, suits, proceedings or investigations likely to result in a Material Adverse Effect; (ii) any Contract terminations resulting in a Material Adverse Effect; (iii) the occurrence of any Event of Default; (iv) material damage, destruction or loss of the Collateral which exceeds \$20,000; (v) anything effecting title in the Collateral or the ability of the Lender to dispose of the Collateral on an Event of Default; (vi) any change of location in the Collateral; (vii) any sale of the Collateral, except in the ordinary course of business, (viii) any change in the corporate structure, name, identity or location of Borrower or (ix) any Material Adverse Effect.

3.8 Taxes. Borrower will pay all federal and material state and local tax returns required to be paid by it, other than taxes that are being contested in good faith and are adequately reserved for in accordance with GAAP.

3.9 Financial Statements. Within seven Business Days (7) after they are requested by the Lender in writing, Borrower shall deliver quarterly and annual Financial Statements to Lender.

3.10 Intellectual Property. Borrower will do all that is necessary to maintain and preserve its Intellectual Property, Domain Names and Websites and the rights relating thereto.

3.11 Contracts. No Contract will be entered into which restricts or inhibits the rights of the Lender in the Collateral.

3.12 Deliveries at Closing. In addition to the obligations set forth in Section 3 of the Note Purchase Agreement, prior to the lending of the funds hereunder ("Closing"), Borrower shall deliver the following:

(a) This Security Agreement shall be duly executed by Borrower.

(b) Copies of the Certificate of Incorporation and By Laws of Borrower certified by the Secretary or Assistant Secretary of the Borrower; (ii) copies of the resolutions adopted by Borrower's board of directors authorizing the Transaction Documents (as defined in the Note Purchase Agreement); (iii) the incumbency of the officers executing this Security Agreement and the other operative documents on behalf of Borrower; and (iv) deliver all documentation necessary to file and perfect the security interest in the Collateral (including, but not limited to UCC-1).

(c) Provide a Good Standing Certificate(s) (including tax status if available) with respect to Borrower from Borrower's state of incorporation.

(d) Execution of the Exhibits (1) – (3) of this Security Agreement, granting security interests in the Intellectual Property.

(e) All necessary consents of shareholders and other third parties with respect to the subject matter of this Security Agreement and the other documents being executed in connection therewith.

4. Event of Default

4.1 If any of the following events (each an "Event of Default") shall occur and be continuing at any time while the Note is outstanding:

(a) Borrower fails to pay any principal of, interest on, or fees related to the Note when due, including without limitation the obligation of redemption under Section 4 of the Note Purchase Agreement;

(b) any representation or warranty made by Borrower in the Note or in this Security Agreement or in any of the Transaction Documents shall prove to have been, or to be at any time after signing of the Transaction Documents and prior to its redemption or conversion, materially inaccurate;

(c) Borrower fails to perform or observe any material term, covenant, provision or agreement contained in the Transaction Documents on its part to be performed or observed and any such failure shall remain unremedied for (10) calendar days after provision of notice thereof by Lender;

(d) Borrower or any of its subsidiaries shall default in any payment of principal of or interest, fees or costs related to any indebtedness for money borrowed beyond the period of grace or as and when falling due or becomes due and payable before its normal maturity by reason of a default or event of default, if any, provided in the instrument or agreement under which such indebtedness was created, or any other event shall occur or condition exist, the effect of which default or other event or

condition is to cause, or to permit the holder or holders of such indebtedness to cause, with the giving of notice if required, such indebtedness to become due prior to its stated maturity, to the extent the amount of indebtedness in which Borrower or any of its subsidiaries defaults is in excess of US\$20,000:

(e) Borrower or any of its subsidiaries shall fail to uphold any of their respective guarantees to third parties to the extent non-performance of such guarantees have a material adverse effect on the Borrower or any of its subsidiaries:

(f) Borrower or any subsidiary shall admit in writing its inability to pay its debts generally as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, begins negotiations or takes any proceeding or other step with a view to restructuring, rescheduling or deferring all of its indebtedness (or of any part of its indebtedness which it will or might otherwise be unable to pay when due) or proposes or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against Borrower or any of its subsidiaries seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking appointment of a receiver, receiver and manager, judicial manager, trustee, liquidator, curator or assignee in bankruptcy or insolvency, or other similar official for it or for any substantial part of its property or Borrower or any subsidiary shall take any corporate action to authorize any of the actions set forth above in this subsection;

(g) a Liquidation, as defined in the Note Purchase Agreement shall have occurred;

(h) any action shall be commenced to foreclose upon or seize, any of the Collateral or enforce any rights, under any pledge, lien or security agreement or with respect to any judgment or award;

(i) Borrower shall fail to comply with its redemption obligations under Section 4 or its conversion obligations under Section 6 of the Note Purchase Agreement;

(j) Borrower's failure to satisfy the conditions of Section 3.14 of the Note Purchase Agreement within ninety (90) days of the Initial Advance under the Note Purchase Agreement; or

(k) The Occurrence of a Material Adverse Effect

then, in any Event of Default, the Note, all such interest thereon as set forth in Section 2.2 of the Note Purchase Agreement and all amounts due under the Transaction Documents shall become automatically and immediately due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Lender. Interest on the outstanding Principal Amount and all accrued but unpaid interest due on the Note as of the date of an Event of Default shall


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accrue daily based on a 365 day year at a rate of twenty percent (20%) per annum from and after the date of an Event of Default until repayment of all such amounts as well as before or after judgment.

4.2 **Application of Proceeds.** Upon the occurrence and during the continuance of an Event of Default, the proceeds of any sale or other disposition of the Collateral authorized by this Security Agreement shall be applied first to all collection expenses and all actual reasonable attorney's fees incurred by Lender. The balance of the proceeds of sale or other disposition shall be applied in payment of the Obligations, first to interest and then to principal. Any surplus shall be paid over to Borrower or to any other Person or Persons as may be entitled under applicable law. Borrower shall remain liable to Lender for any deficiency which shall be paid to Lender immediately upon demand.

5. **Rights Following an Event of Default.** Following and during the continuance of an Event of Default, each of the following provisions shall apply:

(a) the Lender shall have all rights now or hereafter existing under applicable law, including those afforded by the Uniform Commercial Code, to a secured creditor having a security interest in property to which Article 9 thereof applies; provided, however, that the Lender shall provide the Borrower seven (7) days prior written notice before a sale of any Collateral subject to this Section 5(a) setting forth the date, time and place of such sale.

(b) Borrower hereby irrevocably appoints the Lender its true and lawful attorney in fact with full power of substitution to act in Borrower's name as fully and completely as though the Borrower was the absolute owner of Collateral for all purposes. The Lender may exercise all of Borrower's rights of collection, enforcement, conversion or exchange and all other similar rights, privileges and options pertaining to Collateral, all of Borrower's rights to commence, prosecute or settle any legal actions, give releases, or settle or compromise any rights, with respect to Collateral, and generally all of Borrower's rights to sell, assign, transfer, pledge, convey, make any agreement with respect to, or otherwise deal with, Collateral, including without limitation the right to transfer ownership of the registered party of the Domain Names, Websites and Intellectual Property. In addition:

(i) Lender may execute and deliver any and all documents and take any and all actions on behalf of Borrower in order to carry out the provisions of this Security Agreement including, without limitation, the right to take all necessary steps for the transfer, assignment, disposition or sale of any and all of the assets of Borrower.

(ii) If Lender, informs Borrower that it is necessary to effectuate the sale or transfer of the Domain Names and Websites, Borrower shall (a) execute and deliver to Lender and the registrar

of the Domain Names such documents and information as necessary to transfer ownership of the Domain Name and Websites within two (2) Business Days of Borrower's receipt of such notice with evidence that is has been submitted to the registrar of any such Domain Names and Websites such notice.

(iii) Lender shall have the right, upon consultation with Borrower, to communicate with any account debtor of Borrower in order to verify Account balances from time to time, provided that such verification right shall be exercised in a commercially reasonable manner and pursuant to documentation and procedures acceptable to Borrower. The Lender shall have the right, without notice to Borrower, to notify, or to require Borrower to notify, the parties obligated on any Collateral, to make payment thereon directly to the Lender, but Borrower shall give such notice itself if requested to do so by the Lender.

(c) To the extent permitted by law, Borrower covenants that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, except as to rights expressly provided herein, hereby expressly waives for itself and on behalf of each and every Person, except judgment creditors of Borrower, acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to Lender, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

(d) The Lender's sole duty with respect to the custody, safekeeping and preservation of the Collateral, under Section 9207 of the UCC or otherwise, shall be to deal with it in the same manner as the Lender deals with similar property for its own account. Neither the Lender nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so other than as a result of the gross negligence or willful misconduct of the same or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Borrower or otherwise.

6. **Term of Agreement.** The term of this Security Agreement shall begin on the date stated above and shall continue and be binding upon Borrower until all the Obligations have been fully paid and satisfied (“Termination Date”).

7. **Miscellaneous.**

7.1 **Further Assurances.** Borrower shall do all acts and things, and shall execute and deliver all writings reasonably requested by Lender to establish, maintain and continue perfection of the security interest of Lender in the Collateral and will promptly pay on demand all reasonable costs and reasonable expenses incurred by Lender to establish and determine the validity and priority of Lender’s security interest. Borrower shall also execute and deliver any written instruments and do any other acts reasonably necessary to effectuate more fully the purposes and provisions of this Security Agreement upon the request of Lender.

7.2 **Rights of Lender.** Lender shall have all the rights and remedies set forth in this Agreement or in any other instruments, documents or agreements regarding the Obligations as well as all rights and remedies provided in the UCC. Upon the occurrence and during the continuance of an Event of Default, Lender has the right to take possession of the Collateral and to maintain its possession on the premises of Borrower or to remove the Collateral. If Lender exercises its right to take possession of the Collateral, Borrower shall assemble the Collateral and make it available to Lender at a place reasonably convenient to or designated by Lender. Borrower hereby authorizes Lender to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Collateral without the signature of Borrower to the extent permitted by law.

7.3 **Remedies.** The rights and remedies of the Lender herein expressly specified are cumulative, need not be exercised in any order or sequence and are not exclusive of other contractual, common law or statutory rights and remedies that the Lender may have.

7.4 **Payment of Expenses.** At its option, Lender may, after providing written notice to Borrower and a reasonable time for cure: (a) discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral; (b) obtain insurance on the Collateral; and (c) pay for the maintenance and preservation of the Collateral. Borrower agrees to reimburse Lender on demand for any reasonable payment made or reasonable expenses incurred by Lender under this Security Agreement. If Borrower fails to reimburse Lender within fifteen (15) days of receipt of a written invoice, Lender may treat all such payments made as sums to be repaid on the terms and conditions set forth in the Note. However, Lender shall not discharge any taxes, liens, security interests or other encumbrances placed on the Collateral if Lender has received prior written notice from Borrower that the tax, lien, security interest or other encumbrance is being contested in good faith by Borrower in a lawful manner and if Borrower has, in addition, set aside adequate reserves with respect to the tax, lien, security interest or encumbrance. In any case, however, any tax, lien, security interest or

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encumbrance shall be paid or discharged immediately upon the beginning of proceedings to foreclose any liens, or obtain possession of the Collateral or upon notice of any tax sale by any governmental authority or agency.

7.5 Indemnity. Borrower agrees to indemnify, pay and hold the Lender, its officers, directors, members, shareholders, agents, employees, consultants and attorneys, harmless from and against any all losses, judgments, fines, claims or other liabilities and all expenses and costs (including without limitation, attorney's fees) relating thereto ("Losses") that may be imposed on, incurred by or asserted against Lender by any third party, in any manner relating to or arising out of this Security Agreement and the Note (the "Indemnified Liabilities"); provided, that the Borrower shall not have any obligation to Lender with respect to an Indemnified Liability to the extent the Indemnified Liability arises from the gross negligence or willful misconduct of Lender. Lender shall give Borrower prompt written notice of any claim that might give rise to Indemnified Liabilities, setting forth a description of those elements of such claim of which Lender has knowledge (the "Claim Notice") within three (3) Business Days after receipt by Lender of a claim or demand made by any third party (a "Third Party Claim"); provided, however, that the failure to deliver a Claim Notice within three (3) Business Days after receipt of a Third Party Claim will not relieve Borrower of any obligation under this section if such failure does not actually materially prejudice Borrower. If a Third Party Claim is made against Lender, Lender shall be entitled to participate in the defense thereof with counsel selected by Lender, which counsel shall be reasonably satisfactory to the Borrower. After notice from the Borrower to Lender of its election to assume the defense of such action or proceeding, Borrower shall not be liable to Lender under this Section 7.5 for any legal or other expenses subsequently incurred by the Lender in connection with the defense thereof but shall continue to pay for any Loss suffered. Borrower shall have the right to settle, compromise or discharge a Third Party Claim without the Lender's consent if such settlement, compromise or discharge (i) constitutes a complete and unconditional discharge and release of the Lender and (ii) provides for no other relief other than the payment of monetary damages and such monetary damages are paid in full by Borrower. In any action hereunder as to which the Borrower has assumed the defense thereof, the Lender shall continue to be entitled to participate in the defense thereof, with counsel of its own choice, but Borrower shall not be obligated hereunder to reimburse the Lender for the costs thereof.

7.6 Governing Law. This Agreement is governed by and shall be construed in accordance with the laws of the State of California, without reference to the conflicts of law provisions thereof.

7.7 Interpretation. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be valid under applicable law, but if any provision shall be prohibited or invalidated in whole or in part, that provision shall be ineffective only to the extent of that prohibition, and shall be interpreted so as not to invalidate the remainder of this Security Agreement. Section headings contained herein are for reference purposes only, and are not part of the substance of this Security Agreement.

7.8 Notices. Except as otherwise provided herein, all notices, requests, demands, consents, instructions or other communications to or upon Borrower or Lender under this Security Agreement shall be in writing mailed or delivered to each party at address as follows (or to such other address as the recipient of any notice shall have notified the other in writing): (a) to Borrower James Palmer at 10531 4S Commons Drive, Suite #430, San Diego, CA, 92127; and (b) to Lender at 2/F Beautiful Group Tower, 77 Connaught Road Central, Hong Kong, with required copy for notice to be effective to Jeffrey W. Berkman by facsimile at 212-208-0991. All such notices and communications shall be effective (i) when sent by overnight service of recognized standing, on the day of delivery; (ii) when mailed, by registered or certified mail, first class postage prepaid and addressed as aforesaid through the United States Postal Service, upon five (5) business days following mailing; (iii) when delivered by hand, upon delivery; and (iv) when telecopied, upon confirmation of transmission.

7.9 Waiver. No delay on Lender or Borrower's part in the exercise of any right or remedy shall operate as a waiver of that right or remedy. No single or partial exercise of a right or remedy shall preclude other or further exercise of that or any other right or remedy. The failure of the Lender or the Borrower to insist upon the strict performance of any term of this Security Agreement, or to exercise any right or remedy contained in this Security Agreement, shall not be construed as a waiver or relinquishment by the Lender or the Borrower for the future of that term, right or remedy. No waiver of any right hereunder shall be effective unless in a writing executed by both parties hereto.

7.10 Survival. This Security Agreement is binding upon and inures to the benefit of all lawful successors, assigns, heirs, personal representatives and agents of Borrower and Lender. The representations, warranties, covenants and agreements made herein shall survive any investigation made and the closing of the transactions contemplated hereby.

7.11 Jury Trial. EACH OF BORROWER AND LENDER, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY AS TO ANY ISSUE RELATED HERETO IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

7.12 Consent to Jurisdiction and Service of Process. EACH OF THE LENDER AND BORROWER CONSENT TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IRREVOCABLY AGREES THAT ALL ACTIONS OR PROCEEDINGS RELATING TO THIS AGREEMENT MAY BE LITIGATED IN SUCH COURTS. EACH OF THE LENDER AND BORROWER ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS RESPECTIVE PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON


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CONVENIENS, AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS SECURITY AGREEMENT. EACH OF THE LENDER FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO THE PARTY AT THE ADDRESS SET FORTH IN SECTION 7.8 OF THIS SECURITY AGREEMENT, SUCH SERVICE TO BECOME EFFECTIVE (15) DAYS AFTER SUCH MAILING. NOTHING HEREIN SHALL IN ANY WAY BE DEEMED TO LIMIT THE ABILITY OF ANY PARTY HERETO TO SERVE ANY SUCH LEGAL PROCESS, SUMMONS, NOTICES AND DOCUMENTS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW OR TO OBTAIN JURISDICTION OVER OR TO BRING ACTIONS, SUITS OR PROCEEDINGS AGAINST ANY OTHER PARTIES HERETO IN SUCH OTHER JURISDICTIONS, AND IN SUCH MANNER, AS MAY BE PERMITTED BY ANY APPLICABLE LAW.

7.13 Termination; Release of Collateral. After the Termination Date this Security Agreement shall terminate and Lender will execute and deliver to Borrower a proper instrument or instruments (including UCC termination statements on form UCC-3) acknowledging the satisfaction and termination of this Agreement as to Borrower, and will duly assign, transfer and deliver to Borrower such of the Collateral as may be in the possession of the Lender and has not been theretofore sold or otherwise applied or released pursuant to this Agreement.

7.14 Entire Agreement. This Security Agreement, including the Exhibits hereto, together with the Transaction Documents and the exhibits thereto, constitute the entire agreement among the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings, oral and written, among the parties hereto with respect to the subject matter hereof or thereof.

7.15 Counterparts. This Security Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts executed by all the parties hereto shall be lodged with the Borrower and the Lender.

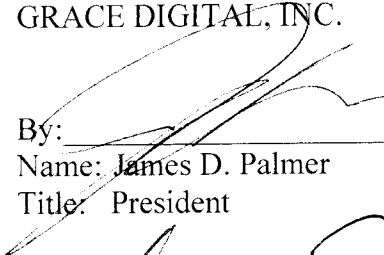
7.16 Severability. In case any provision of the Security Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be in any way be affected or impaired thereby.

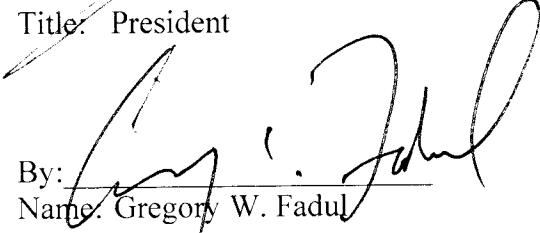


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IN WITNESS WHEREOF, Borrower and Lender have caused this Security Agreement to be executed by their authorized representatives as of the day and year first above written.

BORROWER:
GRACE DIGITAL, INC.

By: 
Name: James D. Palmer
Title: President

By: 
Name: Gregory W. Fadul
Title: Secretary

LENDER:
BIGFOOT VENTURES LTD.

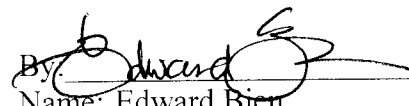
By: 
Name: Edward Bien
Title: Managing Director

Exhibit 1 to Security Agreement
Copyright Filings

GRANT OF SECURITY INTEREST AND MORTGAGE
(COPYRIGHTS)

WHEREAS, Grace Digital, Inc., a California corporation (herein referred to as "Grantor"), now holds the Copyrights as such term is defined in the Security Agreement (the "Agreement"), including the applications and registrations listed on the annexed Schedule 1-A, which Copyrights are registered in the United States Copyright Office;

WHEREAS, Grantor is obligated to Bigfoot Ventures Ltd. ("Grantee") under that certain Note, dated as of June 10, 2010, between Grantor and Grantee, as such Note may be amended from time to time, and Grantor has entered into the Security Agreement in favor of Grantee; and

WHEREAS, pursuant to the Security Agreement, Grantor has granted to Grantee a security interest in, and mortgage on, all right, title and interest of Grantor in and to the Copyrights to secure the prompt payment, performance and observance of the Obligations, as defined in the Security Agreement.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Grantor does hereby grant to Grantee a security interest in, and mortgage on, the Copyrights, including the applications and registrations listed on the annexed Schedule 1-A, to secure the prompt payment, performance and observance of the Obligations.

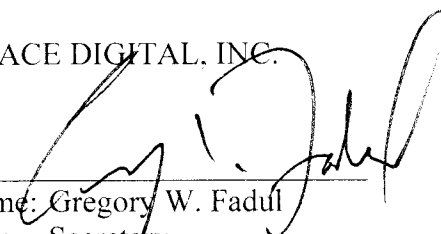
Grantor does hereby further acknowledge and affirm that the rights and remedies of Grantee with respect to the security interest in and mortgage on the Copyrights made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are hereby incorporated herein by reference as if fully set forth herein.

IN WITNESS WHEREOF, Grantor has caused this Grant for Security (Copyrights) to be duly executed by its officers thereunto duly authorized as of the 10th day of June, 2010.

GRACE DIGITAL, INC.

By: _____
Name: James D. Palmer
Title: President

GRACE DIGITAL, INC.

By: 
Name: Gregory W. Fadul
Title: Secretary

SCHEDULE 1-A TO GRANT OF SECURITY INTEREST AND MORTGAGE
COPYRIGHTS

I. Pending Applications

None

II. Registrations

Copyright	Application No.	Filing Date
None		

Exhibit 2 to Security Agreement
Patent Filings

GRANT OF SECURITY INTEREST AND MORTGAGE
(PATENTS)

WHEREAS, Grace Digital Inc., a California corporation (herein referred to as "Grantor"), owns the Patents as such term is defined in the Security Agreement (the "Agreement"), including the patent applications listed on the annexed Schedule 2--A; WHEREAS, Grantor is obligated to Bigfoot Ventures Ltd. ("Grantee") under that certain Note, dated June 10, 2010, between Grantor and Grantee, as such Note may be amended from time to time, and Assignor has entered into the Security Agreement in favor of Grantee; and

WHEREAS, pursuant to the Agreement, Grantor has granted to Grantee a security interest in, and mortgage on, all right, title and interest of Grantor in and to the Patents, to secure the prompt payment, performance and observance of the Obligations, as defined in the Security Agreement.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Grantor does hereby grant to Grantee a security interest in, and mortgage on, the Patents, including the patent applications listed on the annexed Schedule 2-A, to secure the prompt payment, performance and observance of the Obligations.

Grantor does hereby further acknowledge and affirm that the rights and remedies of Grantee with respect to the security interest in and mortgage on the Patents made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are hereby incorporated herein by reference as if fully set forth herein.

IN WITNESS WHEREOF, Grantor has caused this Grant for Security (Patents) to be duly executed by its officers thereunto duly authorized as of the 10th day of June, 2010.

GRACE DIGITAL, INC.

By: 

Name: James D. Palmer
Title: President

GRACE DIGITAL, INC.

By: 

Name: Gregory W. Fadul
Title: Secretary

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SCHEDULE 2-A TO GRANT OF SECURITY INTEREST AND MORTGAGE
PATENTS

Copyright

Application No.

Filing Date

PATENT APPLICATIONS


TRADEMARK

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Exhibit 3 to Security Agreement
Trademark Filings

GRANT OF SECURITY INTEREST AND MORTGAGE
(TRADEMARKS)

WHEREAS, Grace Digital, Inc., a California corporation (herein referred to as "Grantor"), has adopted, used and is using the Trademarks as such term is defined in the Security Agreement (the "Agreement"), including the applications and registrations listed on the annexed Schedule 3-A, which Trademarks are registered in the United States Patent and Trademark Office;

WHEREAS, Grantor is obligated to Bigfoot Ventures Ltd. (the "Grantee") under that certain Note dated June 10, 2010, between Grantor and Grantee, as such Note may be amended from time to time, and Grantor has entered into the Security Agreement in favor of Grantee; and

WHEREAS, pursuant to the Security Agreement, Grantor has granted to Grantee a security interest in, and mortgage on, all right, title and interest of Grantor in and to the Trademarks, to secure the prompt payment, performance and observance of the Obligations, as defined in the Security Agreement.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Grantor does hereby grant to Grantee a security interest in, and mortgage on, the Trademarks, including the applications and registrations listed on the annexed Schedule 3-A, to secure the prompt payment, performance and observance of the Obligations.

Grantor does hereby further acknowledge and affirm that the rights and remedies of Grantee with respect to the security interest in and mortgage on the Trademarks made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are hereby incorporated herein by reference as if fully set forth herein.

IN WITNESS WHEREOF, Grantor has caused this Grant for Security (Trademarks) to be duly executed by its officers thereunto duly authorized as of the 10th day of June, 2010.

GRACE DIGITAL, INC.

By: _____
Name: James D. Palmer
Title: President

GRACE DIGITAL, INC.

By: _____
Name: Gregory W. Fadul
Title: Secretary



SCHEDULE 3-A TO GRANT OF SECURITY INTEREST AND MORTGAGE
TRADEMARKS

I. Pending Applications

II. Registrations

Trademark	Registration No.
Grace Digital Audio	3,725,364
Grace Digital, Inc.	3,786,911