

**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
NGRAIN (CANADA) CORPORATION		08/26/2005	CORPORATION: CANADA

**RECEIVING PARTY DATA**

Name:	QIP MANAGEMENT INC., IN CAPACITY AS GENERAL PARTNER OF QUORUM INVESTMENT POOL LIMITED PARTNERSHIP
Street Address:	150 KING STREET WEST, SUITE 1505
Internal Address:	P.O. BOX 5
City:	TORONTO, ONTARIO
State/Country:	CANADA
Postal Code:	M5H 1J9
Entity Type:	LIMITED PARTNERSHIP: CANADA

**PROPERTY NUMBERS Total: 4**

Property Type	Number	Word Mark
Registration Number:	2881383	NGRAIN
Registration Number:	2871385	VPIXEL
Serial Number:	76245484	PIXEL3
Registration Number:	2921905	I3DIMENSIONS

**CORRESPONDENCE DATA**

Fax Number: (403)265-7219  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
 Phone: 403-298-3157  
 Email: pinsentl@bennettjones.ca  
 Correspondent Name: LORRAINE PINSENT  
 Address Line 1: 4500 , 855 - 2ND STREET S.W.  
 Address Line 4: CALGARY, CANADA T2P 4K7

OP \$115.00 2881383

DOMESTIC REPRESENTATIVE

Name:  
Address Line 1:  
Address Line 2:  
Address Line 3:  
Address Line 4:

NAME OF SUBMITTER:	LORRAINE PINSENT
Signature:	/LORRAINE PINSENT/
Date:	09/01/2005

Total Attachments: 12

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GENERAL SECURITY AGREEMENT

THIS AGREEMENT is made the 28<sup>th</sup> day of August, 2005

BY:

NGRAIN (CANADA) CORPORATION, a corporation incorporated under the laws of British Columbia and having its chief executive office at 1818 Cornwall Avenue, Suite 250, Vancouver, British Columbia, V6J 1C7

(the "NGRAIN")

IN FAVOUR OF:

QIP MANAGEMENT INC., in its capacity as General Partner of QUORUM INVESTMENT POOL LIMITED PARTNERSHIP, a corporation incorporated under the laws of Ontario and having its chief executive office at Sun Life Tower, 150 King Street West, Suite 1505, P.O. Box 5, Toronto, Ontario, M5H 1J9

(the "Quorum")

WHEREAS Quorum has entered or is about to enter into a Debenture Purchase Agreement (the "*Debenture Purchase Agreement*") with NGRAIN pursuant to which Quorum has agreed to purchase and NGRAIN has agreed to issue a certain Subordinated Convertible Secured Debenture (the "*Debenture*");

AND WHEREAS in order to induce Quorum to enter into the Debenture Purchase Agreement, and as a condition thereto, Quorum requires that NGRAIN shall have executed and delivered this Agreement to secure the obligations of NGRAIN to Quorum under the Debenture;

NOW THEREFORE, in consideration of the mutual conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

## ARTICLE 1- INTERPRETATION

### 1.1 Definitions - In this Agreement:

All terms used herein which are defined in the PPSA (as such term is defined below) shall have the meanings given therein unless otherwise defined in this Agreement. All references to the plural herein shall also mean the singular and to the singular shall also mean the plural unless the context otherwise requires. All references to NGRAIN, Quorum or to any other person herein, shall include their respective successors and assigns. The words "hereof", "herein", "hereunder", "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced. The word "including" when used in this Agreement shall mean "including, without limitation". References herein to any statute or any provision thereof include such statute or provision as amended, revised, re-enacted and/or consolidated from time to time and any successor statute thereto. An Event of Default (as such term is defined below) shall exist or continue or be continuing until such Event of Default is waived in accordance with the applicable agreement. "Canadian Dollars" and the sign "\$" mean lawful money of Canada. "US Dollars" and the sign "US" mean lawful money of the United States of America. For purposes of this Agreement, the following terms shall have the respective meanings given to them below:

**"Accounts"** means all present and future rights of NGRAIN to payment for goods sold or leased or for services rendered, which are not evidenced by instruments or chattel paper, and whether or not earned by performance.

**"Business Day"** means any day, other than Saturday, Sunday or any statutory holiday in the Province of Ontario or the Province of British Columbia;

**"Collateral"** has the meaning set out in section 2.1;

**"Equipment"** means all of NGRAIN's now owned and hereafter acquired equipment, machinery, computers and computer hardware and software (whether owned or licensed), vehicles, tools, furniture, fixtures, all attachments, accessions and property now or hereafter affixed thereto or used in connection therewith, and substitutions and replacement thereof, wherever located;

**"Event of Default"** has the meaning attributed to such term in section 8;

**"Financing Documents"** means, collectively, the Debenture Purchase Agreement, the Debenture and all documents, instruments and agreements executed in connection therewith, and each is individually referred to as a "Financing Document";

**"Inventory"** means all of NGRAIN's now owned and hereafter existing or acquired raw materials, work in process, finished goods and all other inventory of whatsoever kind or nature, wherever located;

**"Lien"** means any mortgage, pledge, charge, assignment, security interest, hypothec, lien or other encumbrance, including, without limitation, any agreement to give any of the foregoing, or any conditional sale or other title retention agreement;

**"Obligations"** means all of the obligations, liabilities and indebtedness of NGRAIN to Quorum from time to time, whether present or future, absolute or contingent, liquidated or unliquidated, as principal or as surety, alone or with others of whatsoever nature or kind, in any currency or otherwise under or in respect of agreements or dealings between NGRAIN and Quorum or agreements or dealings between Quorum and any Person by which Quorum may be or become in any manner whatsoever a creditor of NGRAIN;

**"Permitted Liens"** means Liens to which Quorum has agreed in writing;

**"Person"** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

**"PPSA"** means the *Personal Property Security Act* (British Columbia) as amended from time to time, provided that, if the attachment, perfection or priority of Quorum's security in respect of the Collateral is governed by the laws of any jurisdiction other than British Columbia, PPSA shall mean those other laws for the purposes hereof relating to attachment, perfection or priority;

**"Receiver"** means any of a receiver, manager, receiver-manager and receiver and manager;

- 1.2 **Invalidity of Provisions** - Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.
- 1.3 **Amendment, Waiver** - No amendment or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

- 1.4 **Governing Law** - This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

## ARTICLE 2 – GRANT OF SECURITY INTEREST

To secure payment and performance of all Obligations, NGRAIN hereby grants to Quorum a continuing security interest (the "*Security Interest*") in, a lien upon, and a right of set off against, and hereby assigns to Quorum as security, all of NGRAIN's right, title and interest, both present and future in all of its present, owned or held and after-acquired or held personal property of whatsoever nature or kind and wheresoever situate including, without limitation, the following property and interests in property of NGRAIN, whether now owned or hereafter acquired or existing, and wherever located (collectively, the "*Collateral*"):

- 2.1 Accounts;
- 2.2 all present and future contract rights, general intangibles (including tax and duty refunds, registered and unregistered patents, trademarks, service marks, copyrights, trade names, industrial designs, applications for the foregoing, trade secrets, goodwill, processes, drawings, blueprints, customer lists, licenses, whether as licensor or licensee, choses in action and other claims and existing and future leasehold interests in equipment, real estate and fixtures), chattel paper, documents, instruments, securities and other investment property, letters of credit, bankers' acceptances and guarantees including, without limitation, the intellectual property listed in Schedule 2.2 attached hereto;
- 2.3 all present and future monies, securities, credit balances, deposits, deposit accounts and other property of NGRAIN now or hereafter held or received by or in transit to Quorum or its affiliates or at any other depository or other institution from or for the account of NGRAIN whether for safekeeping, pledge, custody, transmission, collection or otherwise, and all present and future Liens, security interests, rights, remedies, title and interest in, to and in respect of Accounts and other Collateral, including:
- (a) rights and remedies under or relating to guarantees, contracts of suretyship, letters of credit and other insurance related to the Collateral;
  - (b) rights of stoppage in transit, replevin, repossession, reclamation and other rights and remedies of an unpaid vendor, lienor or secured party;
  - (c) goods described in invoices, documents, contracts or instruments with respect to, or otherwise representing or evidencing, Accounts or other Collateral, including, returned, repossessed and reclaimed goods; and
  - (d) deposits by and property of account debtors or other persons securing the obligations of account debtors;

- 2.4 Inventory;
- 2.5 Equipment;
- 2.6 Records; and
- 2.7 all products and proceeds of the foregoing, in any form, including, insurance proceeds and any claims against third parties for loss or damage to or destruction of any or all of the foregoing.
- 2.8 Notwithstanding the foregoing, Collateral shall not include:
  - (a) the last day of the term of any lease (but upon the enforcement of Quorum's rights hereunder, Quorum shall stand possessed of such last day in trust to assign the same to any person acquiring such term); or
  - (b) any Consumer Goods.
- 2.9 **Attachment** - The attachment of the Security Interest has not been postponed and shall attach to any particular Collateral as soon as NGRAIN has rights in such Collateral.

### ARTICLE 3 - OBLIGATIONS SECURED

- 3.1 **Obligations Secured** - The Security Interest granted hereby secures payment, performance and satisfaction of the Obligations.

### ARTICLE 4 - REPRESENTATIONS AND WARRANTIES

- 4.1 **Representations and Warranties** - NGRAIN represents and warrants, and so long as this Agreement remains in effect shall be deemed continuously to represent and warrant, that:
  - (a) each of the representations and/or warranties contained in the Financing Documents is true and correct in all material respects;
  - (b) NGRAIN does not have or use a French form of name or a combined English and French form of name;
  - (c) NGRAIN owns the Collateral free of all Liens, except for Permitted Liens;
  - (d) each Account, Chattel Paper and Instrument constituting the Collateral is enforceable in accordance with its terms against the Person obligated to pay the same, and the amount represented by NGRAIN to Quorum from time to time as

owing by each such Person or by all such Persons will be the correct amount actually and unconditionally owing by such Person or Persons, except for normal cash discounts where applicable, and no such Person will have any defence, set-off, claim or counterclaim against NGRAIN which can be asserted against Quorum, whether in any proceeding to enforce the Collateral or otherwise;

- (e) the locations specified in Schedule 4.1 to this Agreement as to business operations and records are accurate and complete and, with respect to Goods (including Inventory) constituting the Collateral, the locations specified in Schedule 4.1 are accurate and complete except for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures which forms part of the Collateral will be situate at one of such locations; and
- (f) all representations and warranties contained in this Agreement, the Financing Documents shall survive the execution and delivery of this Agreement and shall be deemed to have been made again to Quorum on the date of the issue of each additional Debenture, other borrowing or other credit accommodation and shall be conclusively presumed to have been relied on by Quorum regardless of any investigation made or information possessed by Quorum. The representations and warranties set forth herein shall be cumulative and in addition to any other representations and warranties which NGRAIN shall now or hereafter give, or cause to be given, to Quorum.

#### ARTICLE 5 - AGREEMENTS OF NGRAIN

##### 5.1 General Agreements - NGRAIN agrees that:

- (a) it shall comply with each and every agreement and covenant it makes and/or has made pursuant to the Financing Documents;
- (b) it shall not locate any of the Collateral at any location not set out in Schedule 4.1 without Quorum's prior written consent;
- (c) it shall prevent any of the Collateral, except Inventory sold or leased as permitted hereby, from being or becoming an Accession to property not covered by this Agreement;
- (d) it shall deliver to Quorum from time to time promptly upon request:
  - (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to the Collateral;
  - (ii) all statements of accounts, bills, invoices and books of account relating to Accounts and all records, ledgers, reports, correspondence, schedules,



under no obligation to delay a sale of any Securities constituting the Collateral for the period of time necessary to permit the issuer of such securities to register such securities for public sale under applicable securities laws, or otherwise, even if the issuer would agree to do so.

#### ARTICLE 7 - COLLECTION OF DEBTS

- 7.1 **Collection of Debts** - Before or after the occurrence of an Event of Default, Quorum may give notice of the Security Interest to any Person obligated to pay any debt or liability constituting the Collateral and may also direct such Person to make all payments on account of any such debt or liability to Quorum. NGRAIN acknowledges that any payments received by NGRAIN from such Persons, whether before or after the occurrence of an Event of Default, shall be received and held by NGRAIN in trust for Quorum and shall be turned over to Quorum upon request.

#### ARTICLE 8 - EVENTS OF DEFAULT

- 8.1 **Events of Default** - The occurrence or existence of any Event of Default under any Financing Document is referred to herein as an "Event of Default", and collectively as "Events of Default"

#### ARTICLE 9 - REMEDIES

- 9.1 **Remedies** - Upon the occurrence of an Event of Default, Quorum shall have the rights and remedies provided for in the Financing Documents, the PPSA and other applicable law, all of which rights and remedies shall be exercised in accordance with the terms of the Financing Documents and applicable law. All rights, remedies and powers granted to Quorum hereunder, under any of the other Financing Documents, the PPSA or other applicable law, are cumulative, not exclusive and enforceable, in Quorum's discretion, alternatively, successively, or concurrently on any one or more occasion, and shall include, without limitation, the right to apply to a court of equity for an injunction to restrain breach or threatened breach by NGRAIN of this Agreement or any of the other Financing Documents to which NGRAIN is a party. Quorum may, at any time or times, proceed directly against NGRAIN to collect the Obligations without prior recourse to the Collateral or any collateral at any time granted by NGRAIN to Quorum.

#### ARTICLE 10 - APPLICATION OF PROCEEDS

- 10.1 **Application of Proceeds** - The Proceeds arising from the enforcement of the Security Interest as a result of the possession by Quorum or the Receiver of the Collateral or from any sale, lease or other disposition of, or realization of security on, the Collateral (except following acceptance of the Collateral in satisfaction of the Obligations) shall be applied by Quorum or the Receiver in the manner, fashion and order provided for in the Financing Documents.

**ARTICLE 11 - GENERAL**

- 11.1 **Power of Attorney** - NGRAIN hereby appoints Quorum as NGRAIN's attorney, with full power of substitution, in the name and on behalf of NGRAIN, to execute, deliver and do all such acts, deeds, leases, documents, transfers, demands, conveyances, assignments, contracts, assurances, consents, financing statements and things as NGRAIN has herein agreed to execute, deliver or do or as may be required by Quorum or any Receiver to give effect to this Agreement or in the exercise of any rights, powers or remedies hereby conferred on Quorum, and generally to use the name of NGRAIN in the exercise of all or any of the rights, powers or remedies hereby conferred on Quorum. This appointment, coupled with an interest, shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of NGRAIN or for any other reason.
- 11.2 **Set-Off** - Quorum may at any time and from time to time, without notice to NGRAIN or to any other Person, set-off, appropriate and apply any and all deposits, general or special, matured or unmatured, held by or for the benefit of NGRAIN with Quorum, and any other indebtedness and liability of Quorum to NGRAIN, matured or unmatured, against and on account of the Obligations when due, in such order of application as Quorum may from time to time determine.
- 11.3 **Dealings with Others** - Quorum may grant extensions of time and other indulgences, take and give up security, accept compositions, make settlements, grant releases and discharges and otherwise deal with NGRAIN, debtors of NGRAIN, sureties and other Persons and with the Collateral and other security as Quorum sees fit, without prejudice to the liability of NGRAIN to Quorum or the rights, powers and remedies of Quorum under this Agreement.
- 11.4 **No Obligation to Advance** - Nothing herein contained shall in any way obligate Quorum to advance any funds, or otherwise make or continue to make any credit available, to NGRAIN.
- 11.5 **Perfection of Security** - NGRAIN authorizes Quorum to file such financing statements and other documents and do such acts, matters and things as Quorum may consider appropriate to perfect and continue the Security Interest, to protect and preserve the interest of Quorum in the Collateral and to realize upon the Security Interest.
- 11.6 **Communication** - Any notice required by law or this Agreement to be served upon either of the parties to this Agreement shall given in accordance with the terms of the Debenture Purchase Agreement.
- 11.7 **Waiver of Notices** - NGRAIN hereby expressly waives demand, presentment, protest and notice of protest and notice of dishonour with respect to any and all instruments and commercial paper, included in or evidencing any of the Obligations or the Collateral, and any and all other demands and notices of any kind or nature whatsoever with respect to

the Obligations, the Collateral, the Security Interest and this Agreement, except as expressly provided for herein. No notice to or demand on NGRAIN which Quorum may elect to give shall entitle NGRAIN to any other further notice or demand in the same, similar or other circumstances.

- 11.8 **Successors and Assigns** - This Agreement shall be binding on NGRAIN and its successors and shall enure to the benefit of Quorum and its successors and assigns. This Agreement shall be assignable by Quorum free of any set-off, counterclaim or equities between NGRAIN and Quorum, and NGRAIN shall not assert against any assignee of Quorum any claim or defense that NGRAIN has against Quorum.
- 11.9 **Copy Received** - NGRAIN hereby acknowledges receipt of a copy of this Agreement.

IN WITNESS WHEREOF NGRAIN has executed this Agreement on the date first above written.

NGRAIN (CANADA) CORPORATION

By: 

I have authority to bind the Corporation

EXECUTION COPY

SCHEDULE "2.2"  
INTELLECTUAL PROPERTY

TRADEMARKS  
(Indicate if Cdn. or US Trademark)

(TRADEMARK REGISTRATIONS)

<u>Trademark</u>	<u>Application No.</u>	<u>Registration No.</u>	<u>Renewal Date</u>	<u>Registration Date</u>
NGRAIN – US	78199527	2881383	7-Sep-14	7-Sep-04
PIXEL3 – US	76245484			
VPIXEL – US	78115296	2871385	10-Aug-14	10-Aug-04
I3DIMENSIONS – US	76245483	2921905	1-Feb-15	1-Feb-05
NGRAIN – CDA	1148094	TMA594160	6-Nov-18	6-Nov-03
PIXEL3 – CDA	1079996	TMA577132	7-Mar-18	7-Mar-03
VPIXEL – CDA	1116483	TMA579241	8-Apr-18	8-Apr-03
I3DIMENSIONS – CDA	1079997	TMA584757	8-Jul-18	8-Jul-03

(TRADEMARK APPLICATIONS)

<u>Trademark</u>	<u>Application No.</u>	<u>Filing Date</u>
None		

PATENTS  
(indicate if Cdn. or US Patent)

<u>Title</u>	<u>Patent No.</u>	<u>Issuance Date</u>
Method and apparatus for transforming polygon data to voxel data for general purpose applications	US 6,867,774	15-Mar-05

(PATENT APPLICATIONS)

<u>Title</u>	<u>Application No.</u>	<u>Filing Date</u>
Method and system for rendering voxel data while addressing multiple voxel set interpenetration	10/918,024	13-Aug-04
Method and Apparatus for Transforming Point Cloud Data to Voxel Data	10/309,411	2-Dec-02
Method, Appartus, Signal and Codes for Establishing and Using a Data Structure for Storing Voxel Information	10/333,307	13-Jan-03

**INDUSTRIAL DESIGNS**  
(indicate if Cdn. or US)

None

**COPYRIGHTS**  
(indicate if Cdn. or US)

NGRAIN packaged software, custom software, 3D models, website – copyright claimed by affixing a copyright notice

**LICENSOR LICENSING AGREEMENTS**

Quantapoint – Constructor SDK – July 16, 2004

**LICENSEE LICENSING AGREEMENTS**

Spatial/Dassault - CATIA 4 and CATIA5 distribution agreement – Oct. 15, 2004

Okino Computer Graphics - PolyTrans and add-ons distribution agreement – July 19, 2002

**OTHER INTELLECTUAL PROPERTY**

Trade Secret – algorithm for Hidden Surface Removal

Domain name registrations – various

ngrain.net  
ngrain.org  
ngrain.com  
n-grain.net  
n-grain.org  
n-grain.com  
ngrain3d.com  
i3dimensions.com

**SCHEDULE "4.1"**

**1. Locations of NGRAIN's business operations**

**NGRAIN (Canada) Corporation  
#250 – 1818 Cornwall Avenue  
Vancouver, B.C.  
V6J 1C7  
Canada**

**2. Locations of records relating to the Collateral**

**NGRAIN (Canada) Corporation  
#250 – 1818 Cornwall Avenue  
Vancouver, B.C.  
V6J 1C7  
Canada**

**3. Locations of the Collateral**

**NGRAIN (Canada) Corporation  
#250 – 1818 Cornwall Avenue  
Vancouver, B.C.  
V6J 1C7  
Canada**