

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	OPTION
CONVEYING PARTY DATA	
Name	Execution Date
Grell Farms, LLC	05/15/2007
RECEIVING PARTY DATA	
Name:	Snack Alliance, Inc.
Street Address:	1900 West Georgia Street
City:	Vancouver, British Columbia
State/Country:	CANADA
Postal Code:	V6E 2Y3
PROPERTY NUMBERS Total: 3	
Property Type	Number
Patent Number:	7189424
Application Number:	11137757
Application Number:	11654722
CORRESPONDENCE DATA	
Fax Number:	(206)757-7133
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	2067578133
Email:	kaybulen@dwt.com
Correspondent Name:	George C. Rondeau, Jr.
Address Line 1:	1201 Third Avenue
Address Line 2:	Suite 2200
Address Line 4:	Seattle, WASHINGTON 98101-3045
ATTORNEY DOCKET NUMBER:	43256-66
NAME OF SUBMITTER:	George C. Rondeau, Jr.

CH \$120.00 7189424

Total Attachments: 8
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OPTION AGREEMENT

This Option Agreement (this "Agreement") is made and entered into as of MAY 15, 2007 (the "Effective Date"), by and between Grell Farms, LLC, a California limited liability company located at 520 SE Columbia River Drive, Suite 430, Vancouver, Washington 98661 ("Grell") and Snack Alliance Inc., an Oregon corporation located at 1900 West Georgia Street, Vancouver, British Columbia V6E 2Y3 ("SAI").

RECITALS

- A. SAI is in the business of manufacturing, marketing, distributing, and selling snack food products, including private label brands, third-party brands, and SAI's own brands.
- B. Grell has developed a formula and manufacturing process for a tortilla-type chip that is made primarily from rice, which is the subject of one or more patent applications registered, and/or pending at the U.S. Patent and Trademark Office (collectively, the "Grell Technology").
- C. Grell and SAI entered into a letter of intent, as amended, dated May 17, 2006 (the "LOI") which contemplates a license agreement, an asset purchase agreement and this option to purchase.
- D. In connection with the execution of the LOI, SAI made a loan to Grell in the amount of [REDACTED], represented by a promissory note dated May 23, 2006 (the "Loan").
- E. Grell and SAI also entered into an interim license agreement dated May 17, 2006 (the "Interim License"), whereby SAI began formulating, re-formulating, manufacturing, distributing and selling rice chips and other products made utilizing the Grell Technology (the "Products") throughout the world, except in natural foods markets in the United States and Canada. Pursuant to the Interim License, SAI has paid royalty fees to Grell and all such amounts have been credited to Grell to reduce the outstanding principal on the Loan.
- F. Contemporaneous with executing this Agreement, Grell and SAI are entering into a license agreement (the "License Agreement"), whereby SAI will, among other things, continue to formulate, re-formulate, manufacture, distribute and sell rice chips and other products made utilizing the Grell Technology throughout the world, except in certain restricted markets as described therein, for a period ending June 30, 2012. Upon execution of the License Agreement, the Interim License will be terminated.
- G. SAI desires to obtain and Grell desires to grant an option to acquire the assets related to Grell Technology, the Products, and the related business of selling the Products (collectively the "Grell Assets"), as more particularly described in the Purchase Agreement (defined below).

H. In the event the option is exercised as provided in this Agreement, then SAI and Grell will enter into the purchase agreement attached hereto as Exhibit A (the "Purchase Agreement"). Capitalized terms not otherwise defined in this Agreement shall have the meanings given them in the License Agreement and the Purchase Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Grell and SAI agree as follows:

1. Grant of Option. Subject to the terms and conditions of, and in reliance upon the representations, warranties and agreements contained in this Agreement, Grell hereby grants to SAI an option to purchase the Grell Assets (the "Option") at a purchase price to be determined in accordance with terms of the Purchase Agreement (the "Purchase Price").

2. Consideration for Option. As consideration for the grant of the Option and execution of this Agreement, (a) SAI and Grell shall each execute the License Agreement, and (b) SAI shall pay to Grell the sum of [REDACTED] (the "Execution Fee") when and as provided in the License Agreement.

3. Termination. Upon termination of the License Agreement by Grell pursuant to Section 15.2 thereof, this Agreement and all rights granted to SAI hereunder shall terminate. If SAI terminates the License Agreement for Grell's default, then the Option granted in this Agreement shall be immediately exercisable by SAI pursuant to the terms of this Agreement.

4. Grell Resolution. As a condition to execution of this Agreement, Grell shall deliver a written resolution executed by sufficient of its members to validly authorize the sale of the Grell Assets to SAI under the Purchase Agreement.

5. Option Period. SAI may exercise the Option at any time during the period that begins December 31, 2011 and ends on the expiration date of the License Agreement, or at an earlier time if mutually agreed to by both parties (the "Option Period"). The Option Period shall be automatically extended if the License Agreement is extended pursuant to Section 14.4 thereof.

6. Exercise of Option. SAI may exercise the Option by delivering written notice ("Exercise Notice") to Grell of exercise during the Option Period, or by delivering an Exercise Notice upon the termination of the License Agreement by SAI. The "Exercise Date" shall be June 30, 2012, unless the Exercise Notice is delivered pursuant to an event of default, in which event the Exercise Date will be the date specified in the Exercise Notice. Within thirty (30) days after the Exercise Date, Grell and SAI shall execute and close the Purchase Agreement.

7. Failure to Exercise. If SAI does not deliver the Exercise Notice as provided above, and if not previously paid in full, Grell shall pay the remaining balance of the Loan within thirty (30) days after expiration of the License Agreement.

8. Terms of Purchase. The terms and conditions of purchase of the Grell Assets are fully set forth in the Purchase Agreement.

9. Assignability. Neither party shall assign this Agreement or any right, interest or benefit under this Agreement without the prior written consent of the other party, which consent shall not unreasonably be withheld; provided however that SAI may assign this Agreement without Grell's consent to any party controlling, controlled by, or under common control with SAI or any party acquiring all or substantially all of SAI's assets or stock, whether by merger, operation of law or otherwise. Subject to the foregoing, this Agreement will be fully binding upon, inure to the benefit of and be enforceable by the Parties hereto and their respective successors and permitted assigns.

10. Transfer of Grell Assets. Grell shall not transfer the Grell Assets or any portion thereof during the Option Period without the prior written consent of SAI, and any purported transfer without such prior written consent shall be null and void.

11. Amendments; Waivers. This Agreement may not be modified, amended, altered or supplemented except upon the execution and delivery of a written agreement executed by both SAI and Grell. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. Except as otherwise expressly provided herein, no failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder, or otherwise available in respect hereof at law or in equity, shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

12. Notice. Any notice, approval, request, authorization, direction or other communication under this Agreement will be given in writing and will be deemed to have been delivered and given for all purposes (i) on the delivery date if delivered by confirmed facsimile; (ii) on the delivery date if delivered personally to the party to whom the same is directed; (iii) one business day after deposit with a commercial overnight carrier, with written verification of receipt; or (iv) five business days after the mailing date, whether or not actually received, if sent by U.S. mail, return receipt requested, postage and charges prepaid, or any other means of rapid mail delivery for which a receipt is available to the addresses provided below:

If to SAI:
Snack Alliance, Inc.
1900 West Georgia Street
Vancouver, British Columbia V6E 2Y3
Attn: Robert Armstrong
Attn: John Frostad
Fax: 604-654-8333

With a copy to:
Davis Wright Tremaine
1300 S.W. 5th Ave., Suite 2300
Portland, Oregon 97201
Attn: Coni S. Rathbone
Fax: 503-778-5299

If to Grell or Larry and Lynn Grell
Grell Farms, LLC
52 SE Columbia River Drive, Suite 430
Vancouver, Washington 98661
Attn: Larry Grell
Fax: 360-693-8565

With a copy to:
Preston Gates Ellis
925 4th Ave., Suite 2900
Seattle, Washington 98104
Attn: Jeff Harmes
Fax: 206-370-6205

Either party may from time to time change such address by giving the other party notice of such change in accordance with this Section.

13. Governing Law. This Agreement will be interpreted, construed and enforced in all respects in accordance with the laws of the State of Oregon. Both parties hereby irrevocably consent to the exclusive jurisdiction of the federal courts located in Multnomah County, Oregon, in connection with any action or proceeding arising under this Agreement.

14. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute one and the same Agreement.

15. Effect of Headings. The section and paragraph headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

16. Expenses. Each party shall pay all fees and expenses (including costs of counsel) it incurs in connection with this Agreement.

17. Severability. Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this agreement will be reformed, construed and enforced in

such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained therein.

18. Entire Agreement. This Agreement constitutes the entire agreement between SAI and Grell with respect to the matters covered herein and supersedes any prior negotiations, understandings or agreements with respect to the matters contemplated hereby.

SIGNATURES APPEAR ON FOLLOWING PAGE

SNACK ALLIANCE, INC.

By: _____

Print Name: _____

Title: _____

Date: _____

GRELL FARMS, LLC

By: Jerry Grell

Print Name: LARRY GRELL

Title: MANAGER

Date: 15 MAY 07

SNACK ALLIANCE, INC.

By:  _____

Print Name: JOHN P. FROSTAD

Title: PRESIDENT & CEO

Date: MAY 16, 2007

GRELL FARMS, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

**EXHIBIT 1.1
GRELL TECHNOLOGY
AND CLAIMS CONSTITUTING
ADEQUATE PATENT PROTECTION**

Technology:

- 1 Patent No. 7,189,424
- 2 US Process Patent Application S/N: 11/137,757
- 3 US Continuation Application S/N: 11/654,722
- 4 International Patent Applications:

Canada S/N: 2479899
China S/N: 03812314.2
European S/N: 03 719 480.0
Hong Kong S/N: 05109622.2
Japan S/N: 2003-581606
Korean S/N: 2004 7015531
Mexico S/N: PA/A/2004/009415