

PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

EPAS ID: PAT3917675

SUBMISSION TYPE:	NEW ASSIGNMENT	
NATURE OF CONVEYANCE:	SECURITY INTEREST	
CONVEYING PARTY DATA		
Name		Execution Date
G.A.E.M.S., INC., A WASHINGTON CORPORATION		06/13/2016
RECEIVING PARTY DATA		
Name:	TELEFIELD GAEMS LIMITED, A HONG KONG COMPANY	
Street Address:	UNITS 609-610, 6/F, BIO-INFORMATICS CENTRE	
Internal Address:	NO. 2 SCIENCE PARK	
City:	SHATIN, NEW TERRITORIES	
State/Country:	HONG KONG	
Name:	NOBLE TREASURE HOLDINGS LIMITED, A BRITISH VIRGIN ISLANDS COMPANY	
Street Address:	UNITS 609-610, 6/F, BIO-INFORMATICS CENTRE	
Internal Address:	NO. 2 SCIENCE PARK	
City:	SHATIN, NEW TERRITORIES	
State/Country:	HONG KONG	
Name:	MACAR HOLDINGS LIMITED, A BRITISH VIRGIN ISLANDS COMPANY	
Street Address:	UNITS 609-610, 6/F, BIO-INFORMATICS CENTRE	
Internal Address:	NO. 2 SCIENCE PARK	
City:	SHATIN, NEW TERRITORIES	
State/Country:	HONG KONG	
Name:	DEAN MERCIER	
Street Address:	788 110TH AVENUE NE	
Internal Address:	UNIT N704	
City:	BELLEVUE	
State/Country:	WASHINGTON	
Postal Code:	98004	
Name:	JOHN SMITH	
Street Address:	23010 SE 8TH STREET	
City:	SAMMAMISH	
State/Country:	WASHINGTON	
Postal Code:	98074	

PROPERTY NUMBERS Total: 10

Property Type	Number
Patent Number:	9333423
Application Number:	29382369
Application Number:	29415875
Application Number:	29428121
Application Number:	29382611
Application Number:	29427578
Application Number:	29485930
Application Number:	14842641
Application Number:	62233185
Application Number:	15132012

CORRESPONDENCE DATA

Fax Number: (503)220-2480

Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.

Phone: 503-224-3380

Email: paul.angelo@stoel.com, kris.roche@stoel.com

Correspondent Name: PAUL S. ANGELLO

Address Line 1: 760 SW NINTH AVENUE

Address Line 2: SUITE 3000

Address Line 4: PORTLAND, OREGON 97205

ATTORNEY DOCKET NUMBER:	42640/3
NAME OF SUBMITTER:	PAUL S. ANGELLO
SIGNATURE:	/PAUL S. ANGELLO/
DATE SIGNED:	06/14/2016

Total Attachments: 21

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SECURITY AGREEMENT

This SECURITY AGREEMENT, dated as of June 13, 2016 (as amended, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**"), is made by and among G.A.E.M.S., Inc., a Washington corporation ("**Grantor**"), in favor of Telefield GAEMS Limited, a Hong Kong company ("**Telefield GAEMS**"), Noble Treasure Holdings Limited, a British Virgin Islands company ("**Noble**"), Macar Holdings Limited, a British Virgin Islands company ("**Macar**"), Dean Mercier, an individual ("**Mercier**"), and John Smith, an individual ("**Smith**" and, collectively with Telefield GAEMS, Noble, Macar and Mercier, the "**Secured Parties**").

WHEREAS, DWG Acquisition Company LLC, a Washington limited liability company ("**Debtor**"), and the Secured Parties are parties to that certain Stock Purchase and Receivables Assignment Agreement dated as of May 20, 2016 (the "**Purchase Agreement**");

WHEREAS, pursuant to Sections 2(a)(ii), (iii) and (iv) of the Purchase Agreement, the parties agreed that an aggregate of \$2,788,722.50 of the Purchase Price (the "**Deferred Purchase Price**") will be payable by Debtor in three tranches after the Closing;

WHEREAS, Grantor will receive substantial direct and indirect benefits from the performance of the obligations under the Purchase Agreement and is, therefore, willing to enter into this Agreement; and

WHEREAS, it is a condition to the obligations of the Secured Parties to consummate the transactions contemplated by the Purchase Agreement that Grantor execute and deliver this Agreement.

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

1. Definitions.

(a) Unless otherwise defined herein, all capitalized terms used herein shall have the meanings set forth in the Purchase Agreement.

(b) Unless otherwise defined herein, terms used herein that are defined in the UCC shall have the meanings assigned to them in the UCC. However, if a term is defined

in Article 9 of the UCC differently than in another Article of the UCC, the term has the meaning specified in Article 9.

(c) For purposes of this Agreement, the following terms shall have the following meanings:

“Collateral” has the meaning set forth in *Section 3*.

“Event of Default” shall mean (i) the failure of Debtor to pay when and as due under the Purchase Agreement, and the failure of Grantor to pay when and as due under Section 2 of this Agreement, any amount of the Deferred Purchase Price; (ii) the failure of Grantor to perform, or any breach by Grantor of, any covenant, agreement, or obligation under this Agreement if such failure or breach shall not have been cured by Grantor within 15 days after written notice to Grantor and Debtor of such failure or breach from the Requisite Secured Parties; (iii) the filing by Debtor or Grantor of any petition or action for relief under any present or future statute, law or regulation for the relief of, or relating to, debtors, or the making of any assignment for the benefit of creditors or any action in furtherance of the foregoing; (iv) if, within 60 days after the commencement of an action against Debtor or Grantor seeking any bankruptcy, insolvency, reorganization, liquidation, dissolution or similar relief under any present or future statute, law or regulation for the relief of, or relating to, debtors, such action shall not have been resolved in favor of Debtor or Grantor; or (v) if, within 60 days after the appointment without the consent or acquiescence of Debtor or Grantor of any trustee, receiver or liquidator or the Company or of all or any substantial part of the properties of Debtor or Grantor, such appointment shall not have been vacated.

“First Priority” means, with respect to any lien and security interest purported to be created in any Collateral pursuant to this Agreement, such lien and security interest is the most senior lien to which such Collateral is subject.

“Requisite Secured Parties” means, collectively, (i) Telefield GAEMS and (ii) either Mercier or Smith.

“Secured Obligations” has the meaning set forth in *Section 4*.

“UCC” means the Uniform Commercial Code as in effect from time to time in the State of Washington or, when the laws of any other state govern the method or manner of the perfection or enforcement of any security interest in any of the Collateral, the Uniform Commercial Code as in effect from time to time in such state.

2. **Guaranty of Payment of Deferred Purchase Price.** Grantor irrevocably and unconditionally guaranties the full and prompt payment when due of the Deferred Purchase Price. Such guaranty is an absolute, unconditional, present and continuing guaranty of payment and not of collectability. If Debtor shall fail to pay when and as due

under the Purchase Agreement any portion of the Deferred Purchase Price, Grantor will, immediately upon its receipt of written notice from the Requisite Secured Parties demanding payment hereunder, pay to the Secured Parties the then unpaid and outstanding portion of the Deferred Purchase Price then due.

3. Grant of Security Interest. Grantor hereby pledges and grants to each Secured Party, and hereby creates a continuing First Priority lien and security interest in favor of such Secured Party in and to, all of Grantor's right, title and interest in and to the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the "**Collateral**"):

(a) its intellectual property (all of which shall collectively be called the "**IP Collateral**"), including, without limitation, the following:

(i) any and all trade secrets;

(ii) the patents and patent applications set forth in Schedule 1 hereto and all reissues, divisions, continuations, continuations-in-part, renewals, extensions and reexaminations thereof and amendments thereto (the "**Patents**");

(iii) the trademark registrations and applications set forth in Schedule 2 hereto, together with the goodwill connected with the use thereof and symbolized thereby and all extensions and renewals thereof, but excluding any United States intent-to-use trademark applications to the extent that, and solely during the period in which, the grant, attachment or enforcement of a security interest therein would, under applicable federal law, impair the registrability of such applications or the validity or enforceability of registrations issuing from such applications (the "**Trademarks**");

(iv) the copyright registrations and applications set forth in Schedule 3 hereto, and all extensions and renewals thereof (the "**Copyrights**");

(v) all licenses or other rights of Grantor to use any of the Copyrights, Patents or Trademarks, including the licenses set forth in Schedule 4 hereto, and all license fees and royalties arising from such use to the extent permitted by such license or rights;

(vi) all rights of any kind whatsoever of such Grantor accruing under any of the foregoing provided by applicable law of any jurisdiction, by international treaties and conventions and otherwise throughout the world;

(vii) any and all royalties, fees, income, payments and other proceeds now or hereafter due or payable with respect to any and all of the foregoing; and

(viii) any and all claims and causes of action with respect to any of the foregoing, whether occurring before, on or after the date hereof, including all rights to

and claims for damages, restitution and injunctive and other legal and equitable relief for past, present and future infringement, dilution, misappropriation, violation, misuse, breach or default, with the right but no obligation to sue for such legal and equitable relief and to collect, or otherwise recover, any such damages.

Notwithstanding the foregoing, the IP Collateral shall not include any interest of Grantor in any contract, lease, permit, license, franchise agreement, or license agreement if Grantor is prohibited by the terms of such contract, lease, permit, license, franchise agreement, or license agreement, or by applicable law with respect thereto, from assigning or granting a lien therein or under which such an assignment or grant of a lien therein would cause a breach or default to occur thereunder (other than to the extent that any such term would be rendered ineffective pursuant to Section 9-407(a) of Article/Division 9 of the UCC to the extent applicable thereto); provided, however, that upon termination of such prohibition, such interest shall immediately become IP Collateral without any action by Grantor or any Secured Party;

(b) until the first \$880,000 of the Deferred Purchase Price is paid in full, all accounts and receivables of Grantor and all accounts and receivables of any affiliate of Grantor resulting in each case from the sale by Grantor or such affiliate of the first 5,000 units of its Vanguard product to customers (collectively, the **"Receivables"**); and

(c) all proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

4. Secured Obligations. The Collateral secures the due and prompt payment of the Deferred Purchase Price by Debtor and performance of the obligations of Grantor under this Agreement (including the guaranty under **Section 2** hereof) or otherwise with respect to the due and prompt payment of the Deferred Purchase Price when and as due (all such obligations being herein collectively called the **"Secured Obligations"**).

5. Perfection of Security Interest and Further Assurances.

(a) Grantor shall, from time to time, as may be reasonably required by the Secured Parties with respect to all Collateral, immediately take all actions as may be reasonably requested by the Requisite Secured Parties to perfect the security interest of the Secured Parties in the Collateral.

(b) Grantor hereby irrevocably authorizes the Requisite Secured Parties at any time and from time to time to file in any relevant jurisdiction any financing statements and amendments thereto that contain the information required by Article 9 of the UCC of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Collateral, including any financing or continuation statements or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting

the security interest granted by Grantor hereunder, without the signature of Grantor where permitted by law, including the filing of a financing statement describing the Collateral as all assets now owned or hereafter acquired by Grantor, or words of similar effect. Grantor agrees to provide all information required by the Requisite Secured Parties pursuant to this Section promptly to the Secured Parties upon request.

(c) Grantor hereby further authorizes the Requisite Secured Parties to file with the United States Patent and Trademark Office and the United States Copyright Office (and any successor office and any similar office in any state of the United States or in any other country) this Agreement and other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by Grantor hereunder, without the signature of Grantor where permitted by law.

(d) Grantor agrees that at any time and from time to time, at the expense of Grantor, Grantor will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that the Requisite Secured Parties may reasonably request, in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Secured Parties to exercise and enforce their respective rights and remedies hereunder or under any other agreement with respect to any Collateral.

6. Covenants. Grantor covenants as follows:

(a) Grantor will not, without providing at least 30 days' prior written notice to the Secured Parties, change its legal name, identity, type of organization, jurisdiction of organization, corporate structure, location of its chief executive office or its principal place of business or its organizational identification number. Grantor will, prior to any change described in the preceding sentence, take all actions reasonably requested by the Requisite Secured Parties to maintain the perfection and priority of each Secured Party's security interest in the Collateral.

(b) Grantor will not sell, offer to sell, dispose of, convey, assign, license or otherwise transfer, grant any option with respect to, restrict, or grant, create, permit or suffer to exist any mortgage, pledge, lien, security interest, option, right of first offer, encumbrance or other restriction or limitation of any nature whatsoever on, any of the Collateral or any interest therein except with the prior written consent of the Requisite Secured Parties, except for licenses of intellectual property in the ordinary course of business.

(c) On a continuing basis, Grantor shall, at its sole cost and expense:

(i) promptly following its becoming aware thereof, notify the Secured Parties of any adverse determination in any proceeding or the institution of any

proceeding in any federal, state or local court or administrative body or in the United States Patent and Trademark Office or the United States Copyright Office regarding Grantor's claim of ownership in or right to use any of the IP Collateral, Grantor's right to register such IP Collateral or its right to keep and maintain such registration in full force and effect;

(ii) maintain and protect the IP Collateral as presently used and operated;

(iii) not permit to lapse or become abandoned any IP Collateral as presently used and operated, and not settle or compromise any pending or future litigation or administrative proceeding with respect to such IP Collateral, in each case without the prior written consent of the Requisite Secured Parties;

(iv) upon Grantor obtaining knowledge thereof, promptly notify the Requisite Secured Parties in writing of any event which may be reasonably expected to materially and adversely affect the value or utility of any of the IP Collateral including a levy or threat of levy or any legal process against the IP Collateral or any portion thereof;

(v) not amend or permit the amendment of any of the licenses constituting IP Collateral in a manner that affects the right to receive payments thereunder, or in any manner that would impair the value of the IP Collateral without the prior written consent of the Collateral Agent;

(vi) diligently keep adequate records respecting the Collateral IP;

(vii) furnish to the Secured Parties from time to time upon the Requisite Secured Parties' reasonable request such materials evidencing or reports pertaining to the IP Collateral as the Requisite Secured Parties may from time to time reasonably request;

(viii) keep and maintain complete records of each Receivable, including records of all purchase orders, payments received, all credits granted thereon, all merchandise returned and all other documentation relating thereto. Grantor shall, at such Grantor's sole cost and expense, upon the Requisite Secured Parties' demand made at any time after the occurrence and during the continuance of any Event of Default, deliver copies of all tangible evidence of Receivables, including copies of all documents evidencing Receivables and any books and records relating thereto to the designee of the Requisite Secured Parties; and

(ix) other than in the ordinary course of business consistent with its past practice, not (i) grant any extension of the time of payment of any Receivable, (ii) compromise or settle any Receivable for less than the full amount thereof, (iii) release, wholly or partially, any person liable for the payment of any Receivable, (iv)

allow any credit or discount whatsoever on any Receivable or (v) amend, supplement or modify any Receivable in any manner that could adversely affect the value thereof.

7. Inter-creditor Provisions.

(a) Pari Passu Ranking. Each Secured Party's lien and security interest in the Collateral shall rank pari passu, and, accordingly, have the same and equal priority position.

(b) Action by Requisite Secured Parties. For so long as any Secured Obligations remain outstanding, each of the Secured Parties covenants and agrees that only the Requisite Secured Parties shall have the right, but not the obligation, to undertake the following actions:

- (i) notice to Grantor and Debtor of an Event of Default;
- (ii) the enforcement of any rights and remedies against Grantor under this Agreement, and such other rights and remedies as are provided by law or equity;
- (iii) the waiver of an Event of Default;
- (iv) the conduct or settlement of any litigation, foreclosure or other action or proceeding, with respect to the Collateral; and
- (v) the appointment of a natural person or legal entity to act as the collateral agent under this Agreement (the "**Collateral Agent**") and assignment of each Secured Party's security interest to such Collateral Agent, for the benefit of the Secured Parties, as provided in this Agreement.

The Requisite Secured Parties may take any of the foregoing actions only through an action adopted in writing signed by the Requisite Secured Parties.

(c) Application of Proceeds. If the Requisite Secured Parties decide, in their sole discretion, to appoint a Collateral Agent, any and all amounts actually received by the Collateral Agent in connection with the exercise of any rights hereunder shall, promptly upon receipt by the Collateral Agent, be applied in accordance with **Section 8(b)**. If any Secured Party shall obtain any payment or other recovery as result of the realization, sale or other remedial disposition of, or foreclosure on, the Collateral in excess of the amount it then entitled to receive under the terms of the Purchase Agreement or this Agreement, such Secured Party shall hold such amount in trust for the ratable benefit of the other Secured Parties in accordance with the terms of this Agreement and shall pay an amount equal to such excess to the Secured Parties (or Collateral Agent, if applicable, for distribution to the Secured Parties in accordance with the terms of this Agreement.

(d) Power of Attorney. To effectuate the terms and provisions of this **Section 7**, the Secured Parties hereby appoint the Requisite Secured Parties as their attorney-in-fact for the purpose of carrying out the provisions of this Agreement including, without limitation, taking any action and executing any instrument on behalf of, or at the instruction of, the Secured Parties (acting through the Requisite Secured Parties or a Collateral Agent) at the written direction of the Requisite Secured Parties and taking any action and executing any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes hereof.

8. Remedies Upon Default.

(a) If any Event of Default shall have occurred and be continuing, the Secured Parties (acting through the Requisite Secured Parties), without any other notice to or demand upon Grantor, may assert all rights and remedies of a secured party under the UCC or other applicable law, including, without limitation, the right to take possession of, hold, collect, sell, lease, deliver, grant options to purchase or otherwise retain, liquidate or dispose of all or any portion of the Collateral. If notice prior to disposition of the Collateral or any portion thereof is necessary under applicable law, written notice mailed to Grantor at its notice address as provided in **Section 11** hereof ten days prior to the date of such disposition shall constitute reasonable notice, but notice given in any other reasonable manner shall be sufficient. So long as the sale of the Collateral is made in a commercially reasonable manner, the Secured Parties (acting through the Requisite Secured Parties) may sell such Collateral on such terms and to such purchaser(s) as the Requisite Secured Parties in their absolute discretion may choose, without assuming any credit risk and without any obligation to advertise or give notice of any kind other than that necessary under applicable law. Without precluding any other methods of sale, the sale of the Collateral or any portion thereof shall have been made in a commercially reasonable manner if conducted in conformity with reasonable commercial practices of creditors disposing of similar property. At any sale of the Collateral, if permitted by applicable law, the Secured Parties may be the purchaser, licensee, assignee or recipient of the Collateral or any part thereof and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold, assigned or licensed at such sale, to use and apply any of the Secured Obligations as a credit on account of the purchase price of the Collateral or any part thereof payable at such sale. To the extent permitted by applicable law, Grantor waives all claims, damages and demands it may acquire against the Secured Parties arising out of the exercise by it of any rights hereunder. Grantor hereby waives and releases to the fullest extent permitted by law any right or equity of redemption with respect to the Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling the Collateral and any other security for the Secured Obligations or otherwise. At any such sale, unless prohibited by applicable law, the Secured Parties (acting through the Requisite Secured Parties) or any custodian may bid for and purchase all or any part of the Collateral so sold free from any such right or equity of redemption. Neither the

Secured Parties nor any custodian shall be liable for failure to collect or realize upon any or all of the Collateral or for any delay in so doing, nor shall it be under any obligation to take any action whatsoever with regard thereto.

(b) If any Event of Default shall have occurred and be continuing, any cash held by the Secured Parties as Collateral and all cash proceeds received by the Secured Parties in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied in whole or in part by the Secured Parties to the payment of expenses incurred by the Secured Parties in connection with the foregoing or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Secured Parties hereunder, including reasonable attorneys' fees, and the balance of such proceeds shall be applied or set off against all or any part of the Secured Obligations in such order as the Secured Parties (acting through the Requisite Secured Parties) shall elect. Any surplus of such cash or cash proceeds held by the Secured Parties and remaining after payment in full of all the Secured Obligations shall be paid over to Grantor or to whomsoever may be lawfully entitled to receive such surplus. Grantor shall remain liable for any deficiency if such cash and the cash proceeds of any sale or other realization of the Collateral are insufficient to pay the Secured Obligations and the fees and other charges of any attorneys employed by the Requisite Secured Parties to collect such deficiency.

(c) If the Secured Parties (acting through the Requisite Secured Parties) shall determine to exercise their rights to sell all or any of the Collateral pursuant to this Section, Grantor agrees that, upon request of the Requisite Secured Parties, Grantor will, at its own expense, do or cause to be done all such acts and things as may be reasonably necessary to make such sale of the Collateral or any part thereof valid and binding and in compliance with applicable law.

(d) In furtherance of the foregoing:

(i) Grantor hereby appoints the Requisite Secured Parties as Grantor's attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor or otherwise, from time to time during the continuance of an Event of Default in the Requisite Secured Parties' discretion to take any action and to execute any instrument which the Requisite Secured Parties may reasonably deem necessary or advisable to accomplish the purposes of this Agreement (but the Requisite Secured Parties shall not be obligated to and shall have no liability to Grantor or any third party for failure to do so or take action). This appointment, being coupled with an interest, is irrevocable while this Agreement remains in effect. Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof.

(ii) For the purpose of enabling the Requisite Secured Parties to exercise rights and remedies under this **Section 8**, Grantor hereby grants to the Requisite Secured Parties, to the extent of Grantor's rights and effective only during the

continuance of an Event of Default, an irrevocable, non-exclusive license to use and sublicense any of the IP Collateral then owned by or licensed to Grantor. Such license shall include access to all devices, products and media of Grantor in which any of the IP Collateral is embodied, embedded, recorded or stored and to all computer programs of Grantor used for the compilation or printout thereof.

9. No Waiver and Cumulative Remedies. The Secured Parties shall not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

10. Amendments. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by Grantor therefrom shall be effective unless the same shall be in writing and signed by the Requisite Secured Parties and Grantor, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

11. Addresses For Notices. All notices and other communications provided for in this Agreement shall be in writing and shall be given in the manner and become effective as set forth in the Purchase Agreement, and addressed to the respective parties at their addresses as specified on the signature pages hereof or as to either party at such other address as shall be designated by such party in a written notice to each other party.

12. Continuing Security Interest; Further Actions. This Agreement shall create a continuing First Priority lien and security interest in the Collateral and shall (a) subject to **Section 14**, remain in full force and effect until payment and performance in full of the Secured Obligations, (b) be binding upon Grantor, its successors and assigns, and (c) inure to the benefit of the Secured Parties and their respective successors, transferees and assigns; *provided that* Grantor may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Requisite Secured Parties.

13. Expenses. Grantor agrees to reimburse the Secured Parties for all reasonable costs and expenses (including reasonable fees and expenses of legal counsel) incurred in enforcing the Secured Parties' respective rights under this Agreement, including without limitation in any suit or action or post-trial or appellate proceeding.

14. Termination; Release.

(a) On the date on which the Secured Obligations with regard to the Receivables have been paid and performed in full, the Secured Parties will, at the request and sole expense of Grantor, (a) duly assign, transfer and deliver to or at the direction of Grantor (without recourse and without any representation or warranty) the Receivables (if

any) as may then remain in the possession of the Secured Parties, together with any monies at the time held by the Secured Parties hereunder, and (b) execute and deliver to Grantor a proper instrument or instruments acknowledging the satisfaction and termination of the security interest granted hereunder in the Receivables.

(b) On the date on which all Secured Obligations have been paid and performed in full, the Secured Parties will, at the request and sole expense of Grantor, (a) duly assign, transfer and deliver to or at the direction of Grantor (without recourse and without any representation or warranty) such of the Collateral as may then remain in the possession of the Secured Parties, together with any monies at the time held by the Secured Parties hereunder, and (b) execute and deliver to Grantor a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement and the security interest granted hereunder.

15. Governing Law. This Agreement and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the laws of the United States and the State of Washington, without giving effect to any choice or conflict of law provision or rule (whether of the State of Washington or any other jurisdiction)..

16. Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement. This Agreement and the Purchase Agreement constitute the entire contract among the parties with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

GRANTOR:

G.A.E.M.S., Inc.

By Dean Mercier

Name: Dean Mercier

Title: CEO

SECURED PARTIES:

Telefield GAEMS Limited

By _____

Name:

Title:

Noble Treasure Holdings Limited

By _____

Name:

Title:

Macar Holdings Limited

By _____

Name:

Title:

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

GRANTOR:

G.A.E.M.S., Inc.

By _____

Name:

Title:

SECURED PARTIES:

Telefield GAEMS Limited

By _____

Name: POON KA LEE BARRY

Title: Director

Noble Treasure Holdings Limited

By _____

Name: POON KA LEE BARRY

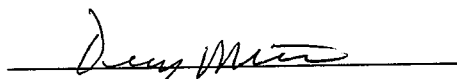
Title: Director

Macar Holdings Limited

By _____

Name: POON KA LEE BARRY

Title: Director



Name: **Dean Mercier**



Name: **John Smith**

Schedule 1
Patents and Patent Applications
(See attached)


GAEMS_Active Patent Report

Reference #	Title	Country Name	Type	Filed Date	Serial #	Issue Date	Patent #
0092569-002CN0	PORTABLE GAMING AND ENTERTAINMENT SYSTEM	CHINA	UTL	10/27/2011	201110332258.8		
0092569-002HK0	PORTABLE GAMING AND ENTERTAINMENT SYSTEM	HONG KONG	UTL	1/7/2013	13100196.7		
0092569-002US1	PORTABLE GAMING AND ENTERTAINMENT SYSTEM	UNITED STATES	UTL	5/24/2013	13/902,673	5/10/2016	9,333,423
0092569-002US2	PORTABLE GAMING AND ENTERTAINMENT SYSTEM	UNITED STATES	UTL	4/18/2016	15/132,012		
0092569-003EM0	CHASSIS FOR A VIDEO GAME CONSOLE	EUROPEAN UNION (EUTM)	DES	10/11/2011	001930108-0001	10/11/2011	001930108-0001
0092569-003US0	CHASSIS FOR A VIDEO GAME CONSOLE	UNITED STATES	DES	1/3/2011	29/382,369	4/24/2012	D658,234
0092569-003US1	CHASSIS FOR A VIDEOGAME CONSOLE	UNITED STATES	DES	3/15/2012	29/415,875	9/4/2012	D666,680
0092569-003US2	CHASSIS FOR A VIDEOGAME CONSOLE	UNITED STATES	DES	7/26/2012	29/428,121	4/16/2013	D680,174
0092569-004EM0	CONTROL PANEL OF CHASSIS FOR A VIDEO GAME CONSOLE	EUROPEAN UNION (EUTM)	DES	10/13/2011	001931148-0001	10/13/2011	001931148-0001
0092569-004US0	CONTROL PANEL OF CHASSIS FOR A VIDEO GAME CONSOLE	UNITED STATES	DES	1/5/2011	29/382,611	10/23/2012	D669,541
0092569-004US1	CONTROL PANEL OF CHASSIS FOR A VIDEO GAME CONSOLE	UNITED STATES	DES	7/19/2012	29/427,578	4/23/2013	D680,594
0092569-005EM0	VIDEO GAME CONSOLE (embodiment 1)	EUROPEAN UNION (EUTM)	DES	6/27/2013	001375927-0001	9/6/2013	001375927-0001
0092569-005EM1	VIDEO GAME CONSOLE (embodiment 2)	EUROPEAN UNION (EUTM)	DES	6/27/2013	001375927-0002	9/6/2013	001375927-0002
0092569-005EM2	VIDEO GAME CONSOLE (embodiment 3)	EUROPEAN UNION (EUTM)	DES	6/27/2013	001375927-0003	9/6/2013	001375927-0003
0092569-005EM3	VIDEO GAME CONSOLE (embodiment 4)	EUROPEAN UNION (EUTM)	DES	6/27/2013	001375927-0004	9/6/2013	001375927-0004
0092569-005EM4	VIDEO GAME CONSOLE (embodiment 5)	EUROPEAN UNION (EUTM)	DES	6/27/2013	001375927-0005	9/6/2013	001375927-0005
0092569-005EM5	VIDEO GAME CONSOLE (embodiment 6)	EUROPEAN UNION (EUTM)	DES	6/27/2013	001375927-0006	9/6/2013	001375927-0006
0092569-005US1	CHASSIS FOR A VIDEO GAME CONSOLE	UNITED STATES	DES	3/25/2014	29/485,930	4/28/2015	D728,031
0092569-006US0	VIDEO DISPLAY	UNITED STATES	UTL				
0092569-007US0	VIDEO DISPLAY CONVERTIBLE HANDLE AND KICKSTAND UNIT	UNITED STATES	UTL	9/1/2015	14/842,641		
0092569-008US0	VIDEO DISPLAY	UNITED STATES	DES				

0092569-009PR0	Rail System	UNITED STATES	PRV	9/25/2015	62/233,185		
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Schedule 2
Trademarks and Trademark Applications
(See attached)

GAEMS_Active Trademark

Custom 1	Mark With Image	Country	Application #	File Date	Registration #	Registration Date
92569-12	G (Logo) 	UNITED STATES	85/209,496	1/3/2011	4,116,019	3/20/2012
92569-9	G155	UNITED STATES	85/209,375	1/3/2011	4,116,017	3/20/2012
92569-8	GAEMS	UNITED STATES	85/209,231	1/3/2011	4,072,158	12/13/2011
92569-7	GAMING AND ENTERTAINMENT MOBILE SYSTEM	UNITED STATES	85/209,168	1/3/2011	4,180,950	7/24/2012

Schedule 3
Copyright Registrations and Applications

None

Schedule 4
Licenses

None